MR. MONTAGU'S FAILURE

AND OTHER PAPERS

BY

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DEDICATED

TO THE LATE

G. K. GOKHALE

One of the Greatest Statesmen and Financiers India has produced whose Biography

No one is so humble or dutiful to think of writing

and

Dedicated also without permission to

BERNARD HOUGHTON, I.C.S., *(Retired)*

that unselfish and unostentatious worker for India (including Burma)

LORD CHELMSFORD'S VICEROYALTY

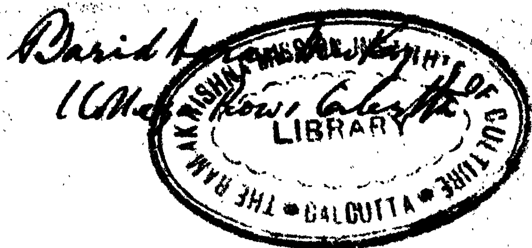
A Critical Survey, by AKSHAYA K. GHOSE, Bar-at-law, Calcutta High Court. Price Re. 1.

IN this work a permanent record has been made of the atrocities as practised by the Germans in Belgium and elsewhere during the years of war and by Sir Michael O'Dwyer in the Punjab under LORD CHELMSFORD'S VICEROYALTY. It lays bare the various attempts made by the Viceroy to defeat the announcement of August 20th, 1917.

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Under an air of apparent disinterestedness, they (our politicians) are harbouring the most ferocious appetites—E. ZOLA.

Wisdom is always with us, but Victory invariably goes to the enemy—Citizen.



INTRODUCTION

I

"Do you ever see cows dressed in grey flannel in London". This quaint question in 'Cranford' with regard to Miss Betsy Barker's cow, has always recurred to my mind whenever I read the Indian Industrial Commission Report. Do you ever see industries developed in England or elsewhere by simply creating innumerable services, technical, chemical and so on, and by filling them up with costly experts. That is exactly what our Captain Brown of Sir Thomas Holland is not only advising us to do but he is also sitting tight on us to see that his queer proposals are carried out. Any one who read the Industrial Commission Report would have been surprised to see that there are not more concrete proposals for developing and strengthening Indian Industries than suggestions for the creation of new All-India services and that one stumbles on these suggestions for services in every alternate page of the Report reiterated in a suspicious manner. But from the comparative inactivity of

his Department in simply marking time and in not carrying out the objects for which it was created and from his being a party to the Reverse Councils affair and all the subsequent financial and economic ills that have flowed therefrom, can we not safely infer that, perhaps, our "Captain Brown's decided" "advice is, kill the poor creature at once" when our cow of industries is "looking naked, cold and miserable in a bare skin" and with a "droll appearance"? A mere geologist, by sheer good fortune, he became the President of the Industrial Commission, Chairman of the Munitions Board and now has become a Member of the Imperial Executive Council. As I have pointed out elsewhere in the book, his tenure of office in the first three posts has not given any satisfaction to the people and it is a wonder a man with so little qualifications but those of a technical expert and with so little interest in and enthusiasm, for India's welfare (*vide.* Mr. Venkatapathi Raju's article in the *citizen)* should have been pitchforked for such a high office. Again one wonders what are his attainments and training to judge and to sign despatches on affairs like those of Punjab, Reverse Councils, etc., and one wonders what his views were on these and on what side his influence was thrown. Besides, we have not heard of Sir Archibald Giekie, Sir William Ramsay or Sir

Richard Hooker ever thought of as Cabinet Ministers in England.

It is perhaps too late to question the activities of the Munitions Board or the benefits that India derived thereby; but, surely, the people have a right to know what the Department of Industries is doing and in what respects, the work of the Munitions Board is being continued. On the other hand, it strikes one that the Directors of Industries and the Super-Director at the head are dying for want of work and any perusal of their reports would show how vapid and anæmic they are. There is not much sign anywhere that the industries started and created, on account of the war, by private firms and the Munitions Board are being conserved and helped and now made to stand the fierce competition of the foreign countries instead of allowing them to drift back to the former lifelessness of the pre-war period. Without making any reference to this, Sir Thomas Holland, in the last year's speech as President of the Conference of Directors of Industries, could only talk on patents, aircrafts, wireless, and copyrights and a little on Trade Union Legislation! The year 1919 saw innumerable flotation of companies, new schemes and new industries to be started. What was the supervision made on these by the Member in charge and by his Assistants in the Provinces;

what was the help or advice they gave to these companies and in what respects did they exert themselves to see that the companies started, began their work properly and suffered under no handicaps? On the other hand, he studiously ignored this great wave of company flotation and the starting of new industries, in his speech of last year and Sir Thomas Holland and the Directors apparently conferred in their conference on everything but the immediate industrial needs and situation of the country. A more conscientious or thoroughgoing head of the Department of Industries would have scrutinised or analysed the new ventures launched on the country, would have advised the promoters or cautioned the public as regards their possibilities and would have placed the services of his subordinates at their disposal. But, it seems that nothing has been done in this direction and it is a wonder what other duties they are doing, omitting this important function which would keep them fully engaged or make them really useful to the people. A year has passed by and, meanwhile, questionable financial transactions have been carried out by the Government of which Sir Thomas Holland is a member and what a sad contrast 1920 presents to 1919. If he had interested himself actively and in a sympathetic manner, in the trade and industrial boom of 1919,

he should really have felt sorry over, and even tried to prevent, the sale of Reverse Councils and the high rates of interest for government loans which have to some extent stifled the enterprises and perhaps, lessened the work of his Department. No doubt, as an alternative to "killing," the creation of new services has its own uses or results but even the present Departments seem to be over-staffed and seem to have evolved no plan or programme of work. A man like Sir Frederic Nicholson—whom we should rank with our Nation-builders, Wedderburn and Cotton—has more ideas and is doing more work than this Department costing lakhs of Rupees. It remains to be seen what the Ministers in charge of the "Transferred" Industries are going to do to infuse new life and new ideas in this rather stagnant Department without, of course, getting a deluge of experts.

II

Likewise, we have in Mr. Montagu more an enemy than a friend of India. Whatever be the measure of their sympathies in other respects, a combination of Mr. Montagu, Sir Thomas Holland and Mr. Hailey has boded no good to our financial and economic interests. Either as Under Secretary or as Secretary of State, Mr. Montagu's connection with India has been rather too long. If he had cared for his honour and fame, he should have

resigned gracefully from his post of Secretary of State for India, immediately after the Reforms were passed and there was the wholesome precedent of Lord Morley. Unfortunately for him and for India, he has overstayed in his office. The feeling has been growing for some time past that under the plea or pretext of working and supervising the Reforms, he is perpetrating on India a series of financial injustices. It is even widely held, almost without exception, in this country that we have been made to pay heavily to present Mr. Montagu with "the proudest moment of his life." First came the increase of salaries, then new appointments, new posts and more experts. Later on, the Hon'ble Mr. Sarma revealed to us that Mr. Montagu and his advisers are against the state management of Indian Railways and that he is not averse to Indian money being pocketted by Englishmen, whether as shareholders, bondholders or as manufacturers. Now what shall we say of the latest and the most serious loss he has inflicted on India by means of the sale of Reverse Council Bills. To crown all, he has issued a 7% loan and when his actions are questioned he does not hesitate to twit the Indians with strange, if not dishonest, arguments some of which show that all the Indian agitation for the past one year has made no impress on him. There is not the slightest

doubt to hold that Mr. Montagu, by this utter disregard of Indian public opinion, is fast becoming the greatest financial enemy of India, and with intense and unquestioned powers of doing mischief.

When I wrote the article on 'Mr. Montagu's Failure' in the *Indian Social Reformer*, December 1919, (which heading is the 'title' for this book), I had no idea that worse things were to follow under Mr. Montagu's dispensation and that he would outdo or surpass himself. I may just say that that article was reproduced in almost all the Nationalist papers and was also the subject of a fierce criticism in the *Bengalee*. It made an unsuccessful attempt to refute the arguments and to defend both Mr. Montagu and Mr. Bannerji, "the fiery disciple of Mazzini" as I called him then and which epithet has been approvingly repeated in Bengal thereafter, though repudiated by Mr. (now Sir) Bannerji himself. But it was the *Bengalee* itself that wrote a few weeks later in its issue of January 24, 1920, that "it is a great pity and a great misfortune that the East Indian Railway was not converted into a State-managed concern in 1919. * * * . We have a shrewd suspicion that but for the Reform measures, Mr. Montagu would have supported Indian public opinion on the subject. *He had to make many sacrifices for the Reforms and this was one of them.*"

(Italics mine) After this candid avowal and eye-opener, one would have thought either Mr. Montagu would give up his mischievous policy or the Moderates would refuse to be dragged by him any longer.

The Amrita Bazar Patrika wrote, while editorially reviewing that article "the writer had put his finger in the real plague-spot in Mr. Montagu's administration". Since then, the "plague-spot" has increased hugely and attained enormous proportions and is threatening to ruin India financially, if it has not already done so. In regard to salaries, questions were begun to be put in parliament in 1917 by Col. Yate and still, we have not yet seen the end of the concessions to be granted by Mr. Montagu, which, by itself, has become a great scandal. Again, as the *Times of India* has recently put it, we owe to Mr. Montagu two committees which have done enormous harm to India, the Esher Committee and the Babington-Smith Committee. The former had added to the Military burden on India, while, incidentally, it was responsible for inflicting a fresh insult on India, (i.e) by sending Sir Michæl O'Dwyer back. (Here, I may be excused for a little digression. Look at the contrast! Mr. Horniman, though the charges against him have been disproved virtually by no less a man than Mr. Jinnah, cannot come

back to India, but the author of indignities and humiliations can be sent back to India on an important mission. Still, Mr. Montagu and Sir George Lloyd manage to convince themselves, that Mr. Horniman's return will be a positive danger.) What shall we say of the appointment of the Currency Committee with no adequate Indian representation and of the lightning touch or flash with which that particular recommendation which would sap and drain away India's resources have been given effect to. It is still indeed a wonder and mystery, how the Reverse Councils came to be adopted with such extraordinary haste and secrecy. But, it appears that Mr. Montagu is still unrepentant, and not conscious of the enormous harm done to India, as the reply to the Indian Merchants' Chamber on the 7% loan shows, and what a frivolous reply it is!

The conclusion is, Mr. Montagu is a failure. Under the guise of giving Reforms, he has inflicted grave injustices on India. Lord Chelmsford's indifference in Punjab affairs is nothing compared with Mr. Montagu's indifference to the financial well-being of India. Why! he is equally to blame in regard to Rowlatt Acts and Punjab atrocities as he kept a perfect silence on both. I can never bring myself to believe that Mr. Austen Chamberlain would have given uncontrolled powers to the

bureaucracy in the Punjab episode or would have rushed headlong so lightheartedly and without a moment's thought, for the sale of Reverse Councils. Mr. Austen Chamberlain is too conscientious for it, though it is the fashion with the Besantites to hold him up to obloquy for his part in the internment of Mrs. Besant which, after all, is a fleabite compared with the monstrous things that took place under the Montford regime. It might seem paradoxical that while the Anglo-Indian extremists are criticising Mr. Montagu and holding him up to scorn as one leading the Empire towards ruin, a certain section of the Indians are bitter against him, instead of being grateful. But this can be easily explained by the fact that while the Reforms were anathema to the Anglo-Indian extremists, Mr. Montagu is trying his best to reconcile these implacable enemies of Reforms, by various other boons. Here it is, the country comes to feel that it has been made to pay heavily, both in honour and in money, for this instalment of Reforms which after all has ended in the creation of new posts. It holds that under any other Secretary of State, the Reforms were bound to come and it, therefore, refuses to acknowledge and repudiates the idea, that Mr. Montagu is the saviour of India. Perhaps, we would not have got such a liberal measure of Reforms but then, we would not have been sacrificed

in other respects. If it is really true, in spite of the repeated efforts of poor Lord Chelmsford to claim a share in the credit of the Reforms Scheme, that without Mr. Montagu, the English Nation would have been so ungrateful or unsympathetic to deny us our due, then really the Reforms are not worth having. Mr. Montagu is not an immortal and eternal personage. One day, we will have to come face to face with the English Nation. And this undue importance given to Mr. Montagu, does it mean that the English people are not capable of generosity but they are very mean and calculating? It cannot be. In any case, it is better we are up against the stern fact and not hide under a camouflage. For a comparison, I will only quote what the late W. T. Stead wrote to the Kaiser in the days of Naval competition. "If, as you profess, you are a pacifist, and it is your people who force your hands for greater Naval strength, it is no satisfaction to us. Or if, as is said, you are possessed with great ambitions and are dragging an unwilling people towards greater military efforts and piling upon them huge military and naval expenditure, this also means that we cannot be indifferent. In neither case, relying on you or on your people, can we cease our watchfulness or stop our programme". It is better to deal with the English Nation direct than through an

intermediary however well-intentioned and if the former were to consist mostly of Sydenhams and O'Dwyers, woe be to England and to India. And India will have to pass through some more years of strenuous self-sacrifice and suffering instead of perhaps the not very sure path of reform and England will write herself down as a Nation incapable of any magnanimity or justice but a very mean nation unworthy to hold an Empire.

It is enough if we take our stand on the condemnation passed on him by the *Times of India*, while reviewing Lord Chelmsford's administration. *The Times of India* has definitely stated it is Mr. Montagu that is responsible for the financial chaos India finds herself in. The fact of the matter is, Mr. Montagu is a man who is incapable of judging each question by itself and on its merits but he made the Reforms scheme the touchstone by which he decided other problems. It may be accepted in excuse of him that he, obviously, worked under great limitations and that his work was hampered by suspicious opponents; but it has only led him in order to conciliate them to 'On-Herod' a pure English Secretary of State. That even explains why he mishandled or "diplomatically handled" the Punjab affairs and kept studied silence till the last moment. If Mr. Montagu were a real friend of India, he would have and

should have, resigned immediately the Reforms Act was passed so that he might not be driven (as everyday Col. Yate and Sir J. Hicks are doing) to pile up burdens or hardships on India in order to conciliate the Anglo-Indians in India or in England. Mr. Austen Chamberlain resigned on a far less serious occasion or matter and his action was even called extremely eccentric. But Mr. Montagu sticks on, even though the greatest crises have compressed themselves in the last two or three years when cabinets, parties would have changed as often in other countries to admit of change and freshness, in like circumstances. No wonder, his example is faithfully followed by Sir William Vincent and Mr. Hailey and Sir Reginald Craddock. Unfortunately for him, it is held that he is an embodiment or an instrument, willing or unwilling, of the real purpose of England as to how much wealth can be drained out of India.

In one word, he lags superfluous on the stage and it is time he gives place to another who is not weighted down by other considerations or handicaps and India would be thankful if he has nothing to do with her, hereafter.

III

If Mr. Montagu is a failure, it follows that the whole of the Moderate party, with a few exceptions, or Montagu-Moderates as Dr. Nair called them,

are a failure. They have linked their political fortunes with Mr. Montagu and his Reforms Scheme, and to that extent, they must also be held responsible to all his acts, more bad than good. It is this feeling and nothing else, in the minds of the great mass of the nation to which Lala Lajpat Rai gave expression in his recent speech at Bombay. That frank utterance, almost an exposure, has disturbed the pleasant family arrangement a section of the Moderates have entered into and the smug self-satisfaction with which they have contented themselves that nothing was wrong in the management of affairs in India. The painful and obvious impression is that for the sake of the Reforms and supporting Mr. Montagu the sponsor of them, they have become oblivious to all the disservices and injustices he has done. It is naturally believed they have entered into a compact or an unholy alliance with him. Otherwise, one cannot understand the conspiracy of silence generally observed by most Moderates but, which, once, was broken very tactlessly by Mr. Chintamani in his Madras address and that must have annoyed many of his compatriots by its tactlessness and extremist plain speaking. These Moderates put the telescope to the blind eye in the truly Nelsonian fashion and pretend to see nothing. The reply generally given to Lala Lajpat Rai's criticisms, is that having whole-heartedly supported

the Reforms, they were bound to work them to success and to establish a case for further advance. Nobody quarrels with this view and it would be perfectly understandable if nothing else had recurred meanwhile, Rowlatt Acts, Punjab affairs and Reverse Councils have so changed the situation that the Reforms have really lost all their value. In the face of the huge complications caused mostly by pure official mismanagement, this complainance, self-satisfied and vain air combined with the bragging of their own achievements and accomplishments and ending with office-seeking, are naturally irritating to the people who have therefore to question their sincerity and who doubt whether they are patriots or simple office-seekers for the power, wealth and position, the Council Memberships and Ministerships give them. Also, membership in Committees whether one is fitted for it or not and trips to Simla and elsewhere are the latest baits and eagerly sought after!

Let me give a few examples of the grave disappointments caused by the action of the Moderates, individually as well as collectively and they must be judged on two grounds. First, the Moderates are now engaged in a "violent Co-operation with the Government" as a writer recently put it, doing 'violence' to the feelings and sentiments of the people and in this, they have perhaps

taken the cue from Sir P. S. Sivaswami Iyer who wrote in January last, that as between the bureaucracy and the newspaper press, he would prefer the bureaucracy. The other standpoint is that which was taken by Sir Dinsha Wacha himself at the time of the Morley-Minto Reforms when these were followed by the Mackay Enquiry on Indian Railways and the Silver Purchase Trouble. Dinsha Wacha as he then was, wrote in his book, "Indian Railway Finance", "Constitutional reforms of the administration are no doubt well and good. But our people in agitating for these reforms seem to become hopelessly blind to the *financial reforms which are more called for*. For it should be remembered that a great deal of India's future political regeneration will depend on its *material* salvation. If political evils are to be remedied, it is not the less essential that the economic evils should *pari passu* be removed. In fact as economists of the highest repute have observed, economics and politics go hand in hand. They are inseparable and interdependent on each other. It is a matter of profound regret to notice that this important aspect of the existing situation is almost wholly neglected. It is much to be wished that our far-sighted and sober Indian politicians will now turn their greater attention to the problem of the *economic salvation* of the

country. At present *India is the slave of British capitalists.* Is this slavery to last for ever". It is this charge of being "hopelessly blind to the financial Reforms" that must be laid, with greater force, against the supporters of the present Reforms, in addition to that of "violent co-operation" with the Govenment."

Let us take first the case of Babu Bhupendra Nath Basu who first set the example of defying public opinion by praising Sir Reginald Craddock and who, as an India Council Member, does not seem to take any part in the deliberations of that body, and who perhaps has not yet reached the height of his ambition. Last year, he wrote to the London *Times* a letter opposing the Non-co-operation movement and pleading for co-operation by mentioning the benefits of Biritish Rule. That vapid letter was only fit to appear as an introduction to some elementary book on Civics, or to a revised edition of Lee-Warner's 'Indian Citizenship'. When he preached against Non-co-operation, was he not aware that the public mind was also greatly exercised by the financial doings of the India office? We cannot ask him about his part in the Rowlatt Acts or Punjab affairs as the India Council mostly concerns itself with the financial problems of India; but one has to wonder what Mr. Basu's part was in regard to the Reverse

Councils, 7% loan and the purchase of stores at high prices in England and other acts of doubtful utility and financial injustice committed by Mr. Montagu and the India Office, which are almost amounting to a scandal. Is this all the result of the long-looked-for reform of the India Council and of the admission of 3 or 4 Indians into it. There is Babu Surendra Nath Bannerji ('Sir' does not sound so well as "Babu" with this former idol of the people) whose acceptance of a Ministership along with men who are mere babies in Indian politics is like Mazzini accepting a Mayorship of a provincial town in Italy. This great tribune of the people, going back on all his life's teachings is perhaps the greatest tragedy of Indian public life. This uncrowned King of Bengal, this hero who created such a tremendous stir over the comparatively trifling incidents in the Partition period, has somehow kept himself more or less silent over the very serious doings in Punjab. Or look at the other veteran, Sir Dinsha Wacha. The first fall or backward step in his political career was when he, in a moment of petulance, opposed Mr. Sarma's resolution on the purchase of the East India Railway. Since then, his decline has been more rapid and, hence, more harmful to the country. He also opposed Pandit Malaviya's resolution on the

reduction in passenger fares. While all his life he has been writing on Indian Finance, and especially on Railway Finance declaiming against what he called the "plunder" and against the loss inflicted on India to the tune of 50 crores as he estimated, by the Railway policy of the Government, it was reserved for him, the disciple of Dadhabhai and Ranade and the colleague of Gokhale and Mehta, to spoil the Indian cause just when there was a likelihood of Indian demands being conceded. His support of the Indemnity Bill and his complete indifference to the Punjab affairs, and what is least expected, his silence over the currency and Exchange muddles, show the danger the country is in when old men out of touch with the times and with their own past convictions, still think of occupying the forefront in the politics of the country. (As an illustration, I give extracts from his book on 'Indian Railway Finance' at the end as an Appendix). Whereas in England and elsewhere, the old men in public life, even statesmen of ripe experience and long service, retire in favour of younger men who are sensitive to, and in sympathy with the changing world, here we have the spectacle of the old behaving like the old man in Sindbad. Take another set of examples. Sir Chimanlal Setalvad for whom the country is greatly indebted for

his share in the minority report of the Hunter Commission, before he became an Executive Council Member, made a weighty pronouncement in reply to the Government statement on Non-Co-operation, that they should first remove all grievances before they dealt with this movement. Did he satisfy himself that the grievances had been removed, before he accepted office? On the other hand, one of the Departments under his charge is itself the cause of many grievances and is creating considerable bitterness in Bombay. I mean the Development Board which has become more or less a monopoly for Europeans and which has almost excluded Indians from its higher posts and which, likewise, it is said, gives orders for foreign goods and not to Indian goods. Sir Setalvad was to have precided over the Moderate Conference but he lightly kicked it off when appointed to the present office. Of course, it has been a great gain to the country as his substitute Mr. Chintamani delivered a truly "extremist" and hence, patriotic speech and Sir Setalvad would not have cared to go into such details. Mr. Montagu must have thought within himself, "what a foolish thing it is, Sir Setalvad did not preside as his speech would have been a string of platitudes and generalisations. But, drat that Chintamani, he has gone into details, he has spoken like an extremist and most annoying of all,

he has called the Reverse Councils, an "organised plunder", though we have silenced him for the present by making him a Minister." Now, Mr. Chintamani after the "extremist" speech he delivered at Madras, certainly should not have become a minister but the proper place for him was the Legislative Assembly to fight out the "organised plunder", the Lovett Committee and Esher Committee Reports and the question of increased Civil and Military expenditure. His conscience is perhaps salved as with others by the opportunity afforded to him of managing a Department or Departments whose expenditure excluding the fixed items of expenditure, would amount to 10 or 20 lakhs, himself costing 1 lakh of Rupees by way of salaries, allowances etc. There is another gentleman who is now a Minister and who, when his appointment to this much-coveted post was not sure or settled, presided over a meeting opposing the increase of the Executive Councils Memberships to four. The moment he got a Ministership, perhaps his objections lost all validity. The Moderate Ministers and Council Members must bless the name of Mr. Lionel Curtis. 'Long Live Curtis'. He, it is that made it possible for eight persons to carry on the administration in each province involving an annual expenditure of 8 or 10 crores only, where formerly, three or four

persons were found to be more than sufficient; and these superfluous gentlemen thus adding to the burden on the tax-payer. This is how the Moderates' mentality works and how they are working the Reforms to success so as not to be called incompetent. Besides, one has not seen the results of these people being members of the cabinet. Things are going on as merrily as before, increase of salaries, new posts, new experts, no encouragement to Indians as in the Bombay Development, extravagant expenditure, no increase under "Sanitation and Education", and Haileyian finance flourishing as ever.

It really looks then as if there is a race among the Moderates to accept posts even though the problems in which they are interested are unsolved or even if wrongs are heaped on us. Even seats on Committees or Commissions whether one knows anything or not about those subjects for which they were appointed, or dummy memberships are the latest inducements or baits. This hunting after posts has gone so far—rather this rewarding of dutiful Moderate henchmen, has gone to such ludicrous lengths recently—that Mr. M. Ramachandra Rao has been selected for the Indian Students' Committee at London. Is that a solatium for his not getting a Ministership or Executive Councillorship? There is only one man in the

whole Montagu-Moderate party still unrewarded—for in a few other cases, nominations to the Council of State and Assembly have had their own uses—and that is, Mr. P. C. Ray of Calcutta, the real originator of the present Moderate party with not even a nomination to some Council to his credit.

I have gone at some length into personal examples and one can easily add to their number. As I have pointed out in one of the reprints, there is the example of Hon'ble Mr. Sarma who was keen on Railways and finances being administered in the interests of India but whose influence we do not feel now when strange things are happening in the Indian Financial world. Of course, Mr. Sarma does not belong to the Moderate species proper and hence the above criticism cannot apply to him in the same measure. Likewise also, in the case of Lord Sinha as well as of Sir P. S. Sivaswami Iyer. Lord Sinha was never a party politician and the congress Presidentship was somewhat of an accident. He belongs to no party and all parties are and must be proud of him. A man of retired habits and of conservative tendencies, we cannot judge him from the party standpoint. On the other hand, Indians cannot be too grateful for this distinguished countryman for the high honour and status he has brought to India by becoming an Under-Secretary of State and then a Governor.

Indeed, like Gokhale, he has helped to raise India in the estimation of the world. Still, it might be asked of him, whether he is satisfied that justice has been done in the Punjab affairs as he assured in a Bombay speech. But what about Reverse Councils which were given effect to while he was Under Secretary? In the same manner, we should acclaim and welcome with all humility and reverence whatever contribution Sir Sivaswami Iyer is making to the national cause, though we should like him to show the same amount of justice and charity towards the nationalists of whom he writes with ill-disguised contempt. Barring this defect of partisanship lately acquired perhaps, there are few Nationalists who are not proud of him and who do not recognise his high-sense of patriotism and public spirit, which has impelled him to take a prominent part in the politics of to-day instead of leading a retired life like many others. The Nationalists were satisfied with the stand he took in his Calcutta address and in his introduction to the Hunter Committee Report published by a Madras firm, in regard to the Punjab affairs, and they are anxious to know whether his demands have been granted and whether he is satisfied with the decisions of the Government. What a pity the resolution on the Punjab affairs was not moved by him, instead of by the most junior member of the Assembly! The most

surprising part of it is, he did not take any part in the discussion on that resolution. Even he has not spared strong language while writing on subjects in which he is interested. In his excellent brochure on 'Indian Territorial or Defence Force,' he has accused the Government of treating the Indian Section in a "step-motherly" manner and he says "the Government of India has never been so dense and obstinate as on this question." How his righteous indignation has been roused is clear from the wonderful persistence with which he is pursuing the Army Problem, which he has made it his own. But I put to him a poser, whether he is really satisfied with the results of his endeavours. Though the Government have mollified him by accepting his resolutions on the Esher Report, the Report has practically been adopted so far as saddling India with increased military expenditure is concerned.

His will only be a Pyrrhic Victory; for, though, his resolutions on policy have been accepted the financial side of the Esher Report seems to have been adopted involving considerable increase of expenditure if the recent Budget is compared with that of 1913-14 or 1917-18. The whole country is watching his efforts with intense sympathy and hope. If he fails there, what will be his politics? Already, there was a ring of

bitterness in his speech in Madras while moving the resolution on the Esher Report wherein he laid a definite charge against all the Committees, Esher, Lovett and Babington Smith as adopting a policy highly harmful to India. May I just request Sir Sivaswami Iyer to go into the currency policy in detail, especially the Reverse Councils and see for himself the irreparable harm they have done to India's financial and economic strength? They have at one stroke made us lose all the advantages we might have gained in the war. He can then see whether there is much reason for that sort of co-operation with the bureaucracy, 'Heads I win, tails you lose'. Meanwhile, let us hope he will not come out of his present task, defeated and dispirited and perhaps broken-hearted—for the bureaucracy here will break the heart of any *sincere* man—though, for the Nationalists nothing would be more welcome than this eye-opener to him. Let him then also take up the currency and exchange problem and visualise for himself the injustices they have done, almost justifying the words, "organised plunder."

Except in the case of the last mentioned two or three gentlemen, will it be doing a violence to language if the 'Montagu-Moderates' are charged with 'treason' and with standing between the country and freedom? As I have said elsewhere,

the last few years have seen the enthronement of intrigue and obscurantism. Lord Meston in his article to the 'Contemporary Review' charged the Extremists with intrigue in addition to other shortcomings. Intrigue is resorted to only by those who have an axe to grind and the Moderates will certainly carry away the palm in this as they have cultivated it into a fine art. Indeed, intrigue and jobbery have taken the place of the old firmness and disinterestedness of the Moderate party led by Gokhale, Mehta and Ranade. It is usual to seek refuge under the plea that the present-day Moderates are loyally following the footsteps of their distinguished predecessors and that these would have acted in a similar manner at present. Far from it; on the other hand, it is an insult, an outrage on the memory of that intellectual giant, Sir Pheroseshah Mehta, that he would have looked on so passively on the Punjab affairs, when one remembers his sterness whenever he detected the slightest encroachment on popular freedom, towards men like Sir James Westland, Lord Curzon, Lord Sydenham and even Lord Willingdon. His whole life was a life of revolt against bureaucratic pretensions and oppression. Let us also remember the rebukes Gokhale administered to the late Mr. Jenkins, Home Member, and to Sir T. R. Wynne when he was President of Railway Board or the

manner in which he characterised the sliding back of General Smuts from his compromise in 1913. What would he have said of Mr. Thompson's and Sir G. Lowndes' behaviour to Pandit Malaviya. It requires not a minute's thought to judge how Dadhabhai, Ranade, Gokhale and Mehta would have viewed the Punjab atrocities or Reverse Councils. But, now, men there are to praise Sir Reginald Craddock, Sir William Vincent and Mr. Hailey. It is unthinkable that Gokhale would have tolerated Mr. Montagu's and Mr. Hailey's financial methods even for one moment. India still loves to hark back to the halcyon days of Gokhale's budget debates.

Now, except Mr. Chintamani's stray utterances the Moderates have been behaving as if no Reverse Councils scandal has occurred. Indeed, the demoralisation and the utter disregard of real public interests have gone so far that one stripling but ambitious Moderate politician almost confessed—was it for his official friends?—that but for a Non-co-operationist, he would not have exerted even that little on the Reverse Councils business in the Legislative Assembly.

Here, it must be stated that none of the criticisms would apply to men like Hon. Mr. C. V. Mehta or Hon. Mr. K. Srinivasa Iyengar. They are non-party men; at any rate, they, in their non-official

days, were never active party politicians. Nowhere have the Nationalists criticised them for or took objection to, their accepting posts. That only shows that the critics are not an unreasonable set of people. That also emphasises that the criticisms are not made in a carping spirit nor are they undeserved or unjustified. 'All that the critics want is that the Moderates should adopt a higher standard of public conduct as active politicians.

Now, it must appear to all careful and impartial observers that the Moderates have suffered a great moral and intellectual collapse, whatever be their own measure of their success and achievements. Not one of them has been found to withstand the temptation of accepting posts and offices; not one of them has shown that wonderful self-sacrificing and unselfish spirit which Sir P. Theagaraja Chetti showed when with an inimitable gesture, he withdrew in favour of his younger colleagues when offered the post of Ministership. That is the right sort of leadership, that self-abnegation, that absence of vanity and love of power and that recognition of his younger colleagues' right to places of power and leadership. His cause may be an unholy cause, fraught with immense mischief so far as it is based on communal hatred, but still however misguided his politics might seem, this attitude is one to extort admiration. How much

it were to be wished that some leading Moderates conducted themselves like that, in these critical times when events of centuries are being pressed into as many years, and not waste away their talent into a mere ministership administering a few tens of lakhs of Rupees. On the other hand, the latest slogan of the intriguing and office-seeking Moderate is, "why don't they leave us alone"! Indeed, this is an expression begotten of triumph, of vanity, of self-satisfaction; more than all, it is the sign of the latest danger with which the country is faced. This section of the Moderate party holds then that they are as unaccountable to the people as the bureaucracy was so till lately. Not content with the alliance with the bureaucracy, they are improving on the latter's views and methods of unaccountability and irresponsibility. In other words, we are faced with a new tyranny, the tyranny of the old, the tyranny of being in possession of power, the tyranny of having caught the eye of the Government, the tyranny of intrigue and self-satisfaction. If sufficient warning is not given now and if they themselves do not occasionally have introspection, there is a likelihood of our leading men behaving like the Ministers in Persia of whom Mr. Shuster has so graphically written in his book, "The strangling of Persia." Let them beware of that calamity.

Their moral collapse was complete when they were praised for their part in resisting Non-Co-operation movement, and it was a dubious praise indeed! And be it said the Moderates are experts in the art of running away with the clothes of another party when the latter is bathing. They have done so successfully in making use of the Congress Sub-Committee Report, though at the psychological time in London, in 1919, they kept discreetly or purposely silent over the Punjab affairs.

Likewise, as for their intellectual collapse, no better example is needed than the way the Legislative Assembly and the Council of State have burked a full dress debate on Reverse Councils. These are the inheritors of Mehta and Gokhale traditions. The Assembly and its members have been commended and praised for their sanity and moderation by Sir Valentine Chirol and by Mr. Whyte on the almost exclusive ground that that bungler Mr. Hailey has been let off unscathed and that his budget proposals were almost accepted. No wonder, the Reverse Councils are being safely followed up by 7% loans, further increases in salaries, and not much economy in the purchase of stores. Shall we say, they are a set a financial ignoramuses? And as such, it suits the officials to boom up these people who do not create inconvenience for them and it suits our financial ignor-

amuses to talk eternally about Reforms so as to hide their ignorance and their delinquencies. Or, if a clue is required to the mentality of the Moderates or if a definition of their policy is required, we need not go to any other source but to one of their own organs. The *Citizen* one of the two sincere and honest Moderate papers—the other being the *Indian Social Reformer* as the reader can guess—wrote in one of its editorials, "wisdom is always with us but victory invariably goes to the enemy". That correctly describes the position of that section of the Moderates who are more concerned about their sanity and moderation than about the country's interests. Their motto really is then, "wisdom is always with us but victory might go to the enemy."

IV

The reader must have been wondering at the constant reference made to the Reverse Councils and, perhaps, he is also sharing the general feeling that dealing with this subject now would be like flogging a dead horse. Is it really so, I wonder. I demur to the view that no good can come out of pursuing the controversy any further and that we might drop it altogether. We could agree to this suggestion if there had been the slightest signs of repentance or acceptance of having committed a mistake, on the part of the men responsible for this

costly folly. No; on the other hand, they are attempting to brave it out in a most unabashed manner and are bringing the charge of lack of commercial morality against Indian merchants. Besides, the 7 per cent loan and the replies given to Indian representations show that the Reverse Councils agitation has produced no effect on them in their pursuit of a policy of bleeding India.

Imperialism has always two motive forces guilding its policy, the one being that of holding down the subject peoples by methods of terror; the second, that of constant and remorseless despoilment of their resources. The upholders of the former created the Punjab nightmare and this policy of terror has been approved by an important minority in the House of Commons and by a majority in the House of Lords, that body of ungrateful Imbeciles. The latter has been inflicted on India by our so-called friends and well-wishers. During the Montford regime, these two policies have been worked on us in a most intensive form and both, almost at the same time.

In this book, I have reprinted two articles on Reverse Councils which were published in the *Indian Social Reformer*. I do not claim to have written them as an expert; but, I may claim to have written them from a commonsense point of view. (Vide also Appendix III.) Here it is necessary to

examine this question a little more. It has been claimed by the authorities that the natural sequence of accepting the Currency Committee's Report was to base the exchange at 2 sh. gold, and, to stabilise it at that rate, they must sell Reverse Councils. This plea is open to objection on two grounds. First there is the commonsense point of view so well emphasised by Mr. B. F. Madon in his series of articles that they have no business to sell our sovereigns which we accumulated at 15 Rs. rate, at the rate of 6 Rs. or 10 Rs. The Reverse councils sale is something like a godown operation as Mr. Madon has put it and it would really be a fraud, a defalcation if an agent of a firm sold sovereigns worth Rs. 15 at Rs. 6 and 8. The other objection is, at the time when the former rate of 1 sh. 4d. was fixed, the rate did not come up to the level of 1sh. 4d. immediately nor did the authorities force up the rate to 1sh. 4d. by means of the sale of reverse councils, etc. The rate was for a long time much below 1sh. 4d. and it was only after some years the rate of exchange came up, steadied, and hovered round 1sh. 4d. Since then, the balance of trade was in favour of India; Council Bills were in demand and the rate did not generally go down. But when it went down below 1sh. 4d. owing to trade depression, then alone the Reverse councils were called into requisition as I have

shown in the articles. It is a piece of unmitigated madness and incompetency, if not of wilful dishonesty, to sell Reverse Councils immediately the rate was fixed. They gave no time for the natural causes to operate, they did not wait to see at which rate the exchange would, of itself, steady. Again in September 1919, there was an intense demand and competition for Council Bills, not for Reverse Councils, as Mr. Howard's Speech at Calcutta showed.

It will be interesting to see what would have happened if the Reverse Councils were not sold last year to such a large amount and with such an indecent haste. The high exchanges then prevailing would have for a time stimulated imports and depressed exports. So the high exchange was due, in addition to " administrative Acts ", to the price of silver and the bogey of inconvertibility, and to the great exports; and the high exchange would lead to a contraction of exports and exchange would then fall. If it fell below 2sh. the Government might think of Reverse Councils and provided only that the price of silver had not also fallen by that time. This simple canon of exchange, they have clean ignored. Leaving exchange to itself, they should have raised their loan only at 5½% or 5¼% interest, when they knew surplus funds were waiting for investment, now diverted towards the purchase of

Reverse Councils. Then everything would have gone on smoothly. As it is, the sale of Reverse Councils has led to (1) a loss of 35 crores of Rupees (2) by withdrawing capital to the raising of the rate of interest to 6% and 6½%. I thought Mr. Montagu was talking with the tongue in his cheek when he congratulated the Bombay Government on the success of the 6½% loan ; now he himself has embarked on a 7% loan—(3) Dear money market and the fall or huge shrinkage in the value of all stocks and shares (4) Unhealthy increase in imports and throttling of exports, and import merchants suffering huge losses (5) Trade and industries generally affected, everything in a trough of depression and (6) deficits and taxation. Here, I shall quote what the Indian Merchants' Chamber of Bombay, the only wide-awake and conscientious public body in India, wrote in their letter of 27th February 1920, to the Government of India while opposing the sale of Reverse Councils. They said :—

"India, usually a debtor country, was a creditor country for the time being and entitled to payment for her commodities in a form acceptable to her people. The obvious course on which any national Government would have insisted was the selling back by England to India of the India rupee paper and the Indian Sterling debt and the Railway

debt held by Englishmen. The mobilisation of Indian securities in order to stay the rise of exchange was not adopted by England as it was adopted by her under similar conditions with the United States of America. With a general depreciation of all Government paper it was a valuable opportunity for freeing India from the debt of England in this one direction which unfortunately the Government of India were too weak or too negligent to adopt. (Now they have made India a greater debtor country). Failing securities, it was open to England to send in very small lots of gold in payment of India's claims. Any neutral or any self-governing colony would have insisted upon this rather than disorganise their internal currency and their exchange, and consequently both their trade and industrial activities".

So then, it is clear they have abused their powers of a trustee and with their greater strength, they have forced India to remain as helpless as before. They have deprived her of the gold which is her due. It is only England that ought to reduce her foreign indebtedness and ought to boast by how much she has reduced her debts to America ; but the Indian debt to England is sought to be increased. They have only carried out the recommendations of the green-eyed monster who would not brook the sight of the huge balance of trade in favour of India,

of India becoming a creditor country, of the 3½% rupee paper coming up to 75 and of the great boom in trade and industries; of the green-eyed monster that invented the Reverse Councils system—if it is not the invention of the Devil itself—to shatter the newly acquired financial strength and independence of India, so as to hold her in eternal economic bondage. If Reverse Councils had not been sold, there would have been no need for India to borrow in England at all. Again, let the reader note the marked contrast between the trade and industry boom in 1919-20 and the utter absence of it in 1920-21. The Indian financial plant, after a long drought, got some little moisture during the war and there began to sprout out tender buds and branches when the blast of jealousy came and laid low the plant. Since then, the sap is mournfully withdrawing towards the roots waiting for better time to come.

It only remains to point out the significant and studied silence kept in England about this transaction, while even the most trivial happenings here do not escape the inquisitors at London. The only course then is to seek refuge in the law of Nemesis as Mr. Madon has pointed out. But, in a moment of inspiration and rare spirituality, Mr. Churchill said about the Punjab atrocities, that England could not afford to carry on her head this burden for

long and that they must repudiate it. Since then, His Majesty the King, through his representative His Highness, The Duke of Connaught, has associated himself openly with this repudiation and has tried to balm the wounded feelings. I dread to think what could have been the fate of England or whether she would not have had to wage a longer and costlier war to win the victory, if the Punjab outrages and the financial Jallianwala as I have called it, had occurred before the war. That the present authorities are incorrigible is clear from the 7% loan and the scant respect they have paid to the agitation of last year. Even Sir George Lloyd went out of his way to praise Mr. Hailey even though his own 6½% rate for his loan was not considered wise; and that is carrying defiance of public opinion too far. Will it then be too much to hope that His Royal Highness the Prince of Wales, when he comes here, will likewise, repudiate and condemn the meanness and jealousy that now guide Indian financial policy and will really wish for India as much material prosperity as for England? It is no use to flatter India, it is no use to promise her with Dominion Status when any set of wrong-minded men can inflict financial harm on poor India, which they dare not do on any of the Dominions.

V

It will be said that I have imported unnecessary bitterness in my articles or in the preceding pages. I have some justification for it. I have taken part in the agitation or discussion of about half-a-dozen questions, and I may with pardonable pride claim that on two questions particularly, I have taken a prominent part. They are Leprosy and District Board Railways. I need not say more than that India is afflicted with this terrible scourge of Leprosy and that the Government have done nothing towards the relief of the miserable lepers. I began to take interest in that question publicly since 1917 and I have written several articles to the newspapers and many private letters to responsible people.

Not even Lady Chelmsford's interest in the matter has made the Government formulate any plans towards eradicating this disease and relieving the poor lepers. All they have done is to pass an Amendment Act which is, more or less, a dead letter since no action has been taken on it. While crores are available for wasting on Reverse Councils, on still further increase of salaries, on higher Military expenditure, they could not spare a few lakhs for starting Leper Asylums or Colonies. I shall leave it here with the remark that the cost now incurred on the two unnecessary

additional Executive Council Members in each province can easily support a leper colony of 1500 to 2000 people, to give one instance.

Again, it will be remembered that in the old councils in each province, the problem of beggary and pauperism was eagerly taken up and most of the councils had passed resolutions that the time had come to tackle this problem and to start work houses or poor houses or to found infirmaries. The new Legislatures have shelved the question and not a whisper is heard about it. The leper problem is only a part of the bigger one. The Reforms have added to the cost of the administration by many lakhs of Rupees with a duplicate set of Executive Councillors and with our own ministers also joining in the general scramble; while, both the bigger and the smaller problems have been forgotten altogether with millions of the poor suffering and starving left to seek "their nightly shed and weep till morn"

As regards the District Board Railways, a conflict has arisen between private firms and the District Boards in Madras in regard to the construction of feeder Railways and though the Government were long committed to supporting the District Boards in their endeavours, they seemed to show a partiality towards the private firms when the time came for the construction of Railways. The District

Boards were taxing the people and accumulating funds for 10 or 20 years and when the funds were almost sufficient, they were pitted against the rivalry of private firms. It looks then the Madras Government has repented why it gave any encouragement at all to the District Boards all these years and they have now cut the guardian knot, so to say, by abolishing the three pies cess per rupee on land, which the District Boards were allowed to levy and accumulate till now. Now Railways are said to be suffering from lack of funds; and what statesmanship or financial acumen the Madras Government can be said to possess when, at one stroke, they have closed one avenue of funds for Railway construction. Will we be wrong if we say that it is in pursuance of the policy of aiding the exploiters and private companies? When we want state ownership and state management of Railways, the Madras Government is discouraging even the District Boards from owning Railways. That is the kind of financial experts we have ruling over us.

VI

No writing on current politics will be deemed complete without a reference to Non-Co-operation. I may just say I attended the Calcutta Congress and I voted for Mr. Pal's amendment to Mahatma Gandhi's resolution as I felt that the call upon

students to withdraw from Schools and Colleges and to ask lawyers to boycott courts would certainly not bring us any nearer the goal. Besides, other weapons have not been exhausted. I hold that in boycott of British Goods lies the political salvation of India and it is this boycott of British Goods alone that would make England not inflict any more financial and political wrongs. For a Reverse Councils scandal, this boycott in an intense form should have been the only reply. Englishmen look horrified whenever we invoke boycott but they have not a word to say about such transactions as the exchange muddle. What a pity that Mahatma Gandhi has completely ignored these financial wrongs and has nowhere referred to them in his speeches and writings. Leaving this aspect alone, it is quite certain that but for Gandhi's Satyagraha and Non-Co-operation, we would have witnessed repression in the wildest form and public life and activities would have been utterly crushed. Let us visualise for a movement how the Rowlatt Act would be creating havoc now and how it would have thinned the ranks of public workers—none too plentiful at any time. If there had been no Satyagraha even Pandit Malaviya would not have been spared.

Mahatma Gandhi is not satisfied with the way in which the Punjab affairs have been settled. In

addition to that, there are other questions which require to be solved whether by Non-Co-operation or by any other kind of agitation (1) The ill-gotten wealth acquired by England and Englishmen in the Reverse Councils must be got back, at least a modicum of it (2) The India Council deserves to be impeached for the above; but it is enough even if it is driven out bag and baggage. With the India Council there, India will be always kept on tenderhooks in financial matters. It is a costly fifth wheel in the coach and the transferance of its charges to the British Exchequer has made it more heedless of Indian interests. (3) The third reform is that the huge bloated salaries of higher officials–the perverse Mr. Montagu is for a still more increase in salaries—and the unbearable military expenditure must be curtailed and the money saved must be spent on urgent social and ameliorative needs. We search our Budgets in vain about the recognition of our social needs. Contrast this with the financial policy of the rulers in England. There, they are reducing Military Expenditure, cutting down ruthlessly Civil Expenditure; while at the same time, expenditure has not been decreased but increased on Education, Health, Housing and Unemployment doles. (4) Then there is the problem of Railway ownership and management. The present Railway Com-

mittee may decide as obtusely and as much against Indian interests as the notorious Babington Smith Committee. Whatever their recommendations may be, we should have state management and state ownership with all foreign rights bought off and there should be no more dictation from London as regards our Railway policy and finances. In this connection I wish to refer to one important matter. When in the year 1917, Railway rates and fares were increased on the ostensible ground of preventing people from making too much demand on the Railway rolling-stock, I wrote to two or three non-official members of the Indian Legislative Council calling their attention to the fact that while the increases were perhaps necessary, the companies should have no share in such increases. The then Honourable Members did not pay the least heed to it, though they are now advisers to the Government in some capacity or other. During the last few years, the companies have been simply increasing their dividends on account of the increase in fares and rates which they should not have been allowed to participate. Some of them have even increased their dividends from 5% to 10% and a few even to 12%. This is another form of "legalised plunder". And this year further increases in fares and rates have been sanctioned which would only go towards swelling

the already high dividends of the companies. It is really regrettable that while there is rivalry to get seats on this committee or on that, no such rivalry is visible to pursue such problems in all their details. (5) Then there is the Exchange question. It is now clear they have blundered hugely at the cost of India; which naturally benefitted England. The only proper course is to fix the Exchange at the old level of 1 sh. 4 d. The recommendations of the Babington-Smith Committee ought to be scraped or as Mr. E. L. Price M. L. A. Karachi, put it in a letter to the *Times of India*, "the sooner the recommendations of the Babington-Smith Committee, on whose head be dire confusion, are forgotten the better for India". There will of course be subterranean attempts made to take the Exchange to 2sh. It is to be hoped that in responsible quarters this megalomania will be resisted. (6) There are, of course, other problems like the Indians Overseas. A few millions of Englishmen hold the vast and almost empty spaces of Australia, Canada, South Africa with German South West Africa thrown in also; but still not content, they want East Africa to be their preserve, while, the 300 millions are to be cribbed, cabined and confined within the limits of India itself. It is not just, to say the least, in the eyes of God and man. This is simply vaulting

greed that will one day overleap itself. (7) Lastly an immediate reform in the Government of India is urgently needed. Whatever be the opinion of Sir Valentine Chirol, Mr. Whyte and Dr. Gour who lately took to politics, it is clear the powers of the Legislature in the Imperial Government are very little and the bureaucracy, only strengthened by three Indians, are going on as before. They have sought to pay tribute to the members of the Central Legislature for their sanity and moderation on the sole ground that Mr. Hailey's deficit Budget has been passed with almost all his demands for additional taxation sanctioned. I have already mentioned that it was a great dereliction of duty on the part of the members to have permitted Mr. Hailey to escape for all his indiscretions of last year. That he consented to transfer one crore of Rupees from Revenue account to capital account under 'Postal' is set in favour of him to show how he readily yielded to the demands of the non-officials. No credit need attach to him for this; on the other hand he deserves the severest censure for saddling the Revenue account with such a huge sum which should be put in the capital account in the first instance. It only reveals his amateurishness as well as his ignorance of the policy that guided his predecessors, influenced by Gokhale. Let Mr. Hailey and the worshippers at his shrine read

the Budget debates in Gokhale's time and mark the principles for which he energetically fought all his life and which were then entirely accepted. Look at the light heartedness with which they have created new posts and imported new officers in this year of deficit. And the most outrageous proposal, happily thrown out, was, for getting an American lecturer to do publicity work in America! Perhaps, if he were engaged and if he turned out to be more conscientous than expected, the result would be beneficial to India. He was only to compare the several items of expenditure, the rate of salaries, the income of the people, their health conditions, with those of his country.

VII

In conclution I must express my humble thanks for the Editors of the *Indian Social Reformer* and the *Times of India* for having first published these articles and letters in their valuable papers and for kindly allowing me to reprint them in a book form.

I may just say that most of these articles or letters when they first appeared were extracted or commented on, in other papers. That has emboldened me to republish them as well as the fact that most of the 'causes of the present discontents' still remain unremoved. Here it is necessary to make some emendations as they have been published without any revision. First, I

absolutely withdraw the strong language used or the suspicions harboured, against Sir Benjamin Robertson. India must be thankful to him for the loyal and uncompromising manner in which he has defended Indian claims and rights in South Africa and East Africa. But his repatriation scheme is still to be deplored. With regard to the criticism against Mrs. Besant in 'Madras Politics', there is nothing to withdraw. She has gone from bad to worse. With strange malignity, she holds that Indian history ought to end for the present with December 1917 and that no new pages should be opened nor any new chapters added after that date. I have praised Sir P. Thiagaraja Chetti and it is not undeserved if we remember that his heart is quite sound as his evidence before the Railway Committee shows. But, strangely enough he too has kept silent on Reverse Councils. Also it is a great pity that in the all-consuming and unreasonable hatred of Brahmins, his party should support or seek to excuse the Punjab atrocities, should inveigh against the congress and even hold that Non-Co-operationists were at the bottom of the Assam Labour troubles when the labourers were paid only 3 As. and 4 As. wages.

All things considered, I am very pessimistic

about the immediate future. There is certainly not much cause for jubilation or satisfaction.

BOMBAY
August 1921

T. S. K.



MR. MONTAGU'S FAILURE

1. "*The British Government which has crushed foreign foes and quelled internal rebellion, could afford to despise these agitators.*"

2. "*They have given these people a lesson which they will not forget for fifty years.*"

3. "*As to India, by her remarkable contribution to our triumph, notably in the East, she has won a new claim to our consideration, a claim so irresistible that it ought to overpower, and must overpower, all prejudice and timidity which may stand in the way of her progress.*"

4. "*These sacrifices of India will ever be remembered as having forged a fresh link in the bonds of the Empire, never stronger than they are to-day.*"

The first quotation is the utterance of Sir Michael O'Dwyer who, while praising the Punjab, rewarded the heroic efforts of her martial races with the gift of martial law. The second of the extracts is from the "*Nation,*" said to be the boast of military officers, which is now going the round in all Indian papers. These two remarks are worthy of the

worst days of General Von Bissing in Belgium. Only, still, there is the hope that just as the sting of the German's boast in Belgium about Belgium not forgetting the 'Hun' Rule there, is sought to be removed by lavish promises of guarantee, reparation and restitution, by help of al[illegible]s and by the grant of a major portion of the fine levied on Germany, so noble-minded and God-fearing Englishmen will try to soothe and balm our much-lacerated feelings. To that end, we find some support in the latter two utterances, the one by Mr. Lloyd George, the other by Lord Jellicoe, two Empire-builders as against two Empire-destroyers. Let us take heart at these two remarks and we shall still hope that Mr. Lloyd George or any other Premier will make good these grateful words.

Now, in this predicament, what is our Secretary of State doing? He calls Sir Michael O'Dwyer, an eminent man, in the House of Commons. He appoints him a member of the Army Commission, thus inflicting an insult on a whole nation. And the Secretary of State spouts forth platitudes of sympathy, pours out liberal views but is not shocked at the throwing of bombs by aeroplanes on an unarmed mob and he has the lack of feeling and consideration or statesmanship to say that the recent administrative acts in the Punjab have no bearing on this enquiry by the Army Commission.

Well it may have no bearing if much more than "this little thing" of Mr. Montagu had been granted, if we had secured full responsible Government or self-Government and if we could afford to despise any more incursions of supermen. The coming in of Sir Michael O'Dwyer on some responsible work, is like appointing Lord Milner, Secretary of State for Colonies immediately after the Boer war. At least, tact and good sense, would dictate to the contrary.

It is not in these alone that Mr. Montagu has failed to rise to the occasion. Except the so-called Reforms, he is giving way on every conceivable question to vested interests and he is jettisoning everything for saving the Reforms. Well, we shall thank him for his project of Reforms and for the clever way in which he is saving the Reforms from re-actionaries. I am not one of those who would consider the Reforms scheme as a "little thing". Nor am I disposed to be over-exuberant in my gratitude to Mr. Montagu. I hold we would have got Reforms even if somebody else had been the Secretary of State; only we would not have the precious "dyarchy." Who knows, Mr. Lionel Curtis might not have persuaded any other Secretary of State? The question is, are the Reforms worth having at such a cost, at such a price.? Let anybody point out one matter of importance which Mr. Montagu

has decided in favour of Indian demands these two years. Even Mr. Austin Chamberlain undid wrong done to India for years, in regard to the cotton duties. Mr. Montagu, lacking in that great command over men which Lord Morley possessed and the great respect which he inspired, has to truckle to their whims and fancies for the sake of saving the Reforms. What a waste of legislative time and energy over the Rowlatt Bills and Indemnity Bill in the immediate post-war period. In finances, as regards Press Act, and the liberty of the subject we are losing ground. I put two syllogisms: Mr. Montagu is a failure in spite of his, Reforms; we would have got some Reforms under any other Secretary of State but in other respects we would not have lost so heavily.

It is on this very ground of yielding to the agitation of European extremists, he has administered a rebuke to Lord Chelmsford. Here, my sympathies are with Lord Chelmsford. It is not fair to get up an agitation because there was a paucity of ice, and soda water in frontier war. It is not how Clive and Wellington won their wars. How clamorous for the slightest discomfort, while ready to teach unforgettable lessons! My idea is, they have magnified the discomforts in the Afghan war and Lord Chelmsford does not deserve the snub which Mr. Montagu so dramatically administered to him. A mediocre

Viceroy, in the hands of a Lord Morley, would have made his regime lovable and splendid like those of Minto and Hardinge. With Mr. Montagu there, the Viceroy is more amenable to Vincents, Craddocks and Lowndeses.

As for some of our moderate friends who are out to save the Reforms at any cost, who would consequently keep mum about everything or make somersaults, I make bold to assert that with their mentality if they were in Belgium, when Germany asked whether she would save her body or her soul, our counsellors would not have taken as decided a step as the Belgians did, but would have hesitated body or soul, soul or body. We are witnessing the disgraceful spectacle of too many parties, too many leaders, each one blossoming immediately into a full-fledged leader with a league or party behind. This is one of the disservices of the Scheme, the enthronement of intrigue or of obscurantism. The spirit of the late Nawab of Dacca is abroad.

Forty years ago, Babu Surendra Nath Bannerji the uncrowned king of Bengal and the fiery disciple of Mazzini cried, "India, poor India, she is bleeding in ten thousand wounds." Lord Hardinge said "India has been bled white to save the Empire." India is again bleeding—due to whom and to save whom? Let Mr. Bannerji and Mr. Montagu answer.—*19th Oct. 1919.*

CAUSES OF THE PRESENT DISCONTENTS

I.

If the wrongs and injustices inflicted on us were confined to the Khilafat question and to Punjab affairs alone, there would still be some hope of salvation for our country and some contentment for the people, as in both the cases, some palliatives or compromises, though unsatisfactory, have been effected by the retention of Constantinople in the hands of the Turks and by the verdict of the House of Commons. But these two do not stand alone; the same mischievous and perverse spirit has entered into the vitals of the whole system of administration. This evil spirit of both bureaucratic incompetence and oppression has spread into all the parts of the administration even like the contagion of a plague or influenza. If Dyer did a Jallianwala massacre and if Sir M. O'Dwyer perpetrated an additional and reckless literary Jallianwala by his wild speeches and writings the Government of India have been a party to a grievous financial Jallianwala massacre.

It does not matter if they were only the instruments of the higher authorities in this financial Jallianwala of reckless and wasteful expenditure, in Military matters, in and outside India, in unduly increasing the already bloated salaries, and in the loss on account of the thoroughly indefensible and disastrous Reverse Council Sales,—for which last financial outrage, there has been no parallel. But they seem to have been more willing than unwilling instruments. Here, I must ask the Hon. Mr. B. N. Sarma how he came to associate himself with such a Cabinet—so to say—and lend it the weight of his influence and prestige; for, judged by his test alone, the Government falls to the ground and he should never have joined it. When the recall of Lord Chelmsford was passed in the Amritsar Congress, Mr. Sarma opposed it boldly but gave a fairly understandable reason, that though the Viceroy had blundered or had been led into blundering by his advisers, in the Punjab affair, he had a great solicitude for Indian financial interests and he was a great financial friend of India. Even that pretension too has been lost, the hope of a friend of India in financial and economic matters has been dashed to the ground and the bubble of financial solicitude has burst. It is an increasing wonder how he came to associate himself with a Government which has caused a loss of about more

than 30 crores of Rupees of hard cash to the Indian Exchequer, which has incurred other wasteful expenditure which I mention later on and which may not solve the Railway problem as he desires —which last is the ground on which he supported Lord Chelmsford. One is tempted to question his sincerity when he opposed the recall resolution on grounds which have been given the go-bye now. One wonders whether Lord Chelmsford's administration has done any good or is going to do any good. What a pity his is and should be one of such unmixed disservice—if evil be a stronger word—to India like that of Lord Lytton's or Lord Dalhousie's!

Again, what is more disconcerting and disillusioning is, we cannot depend on the I.C.S. to safeguard our financial interests and the interests of Indians overseas. Till now, it was quite rightly and genuinely believed by all—by even the most ardent extremist—that the I.C.S. is a sort of bulwark or buffer against the inroads of greedy, commercial London and that, without this firmness of the I.C.S. the financial exploitation of India would have been greater, would have been on a widespread scale. This belief was to a certain extent well-founded and we must thank the I.C.S. for this attitude in the past. They are believed to have displayed the same unrelenting firmness in the

question of the treatment of Indians abroad. Even that claim too to our gratitude has vanished. For one thing, the I. C. S. has become extraordinarily greedy of late and, in other matters, like Railways and Currency, it looks to be more a branch of commercial London or a branch of the London Chamber of Commerce and London Money Market than a rigid, impartial and high-principled administration. As for Indians overseas, even the *Reformer* had to declare that in the voluntary repatriation as recommended by Sir B. Robertson, "nothing more humiliating to India and to the Empire can be imagined."

II.

It would be interesting to take stock of our gains and losses. Not to speak of the numerous grievances which the Resolutions of the Congresses and Conferences depict, let me try to enumerate and reiterate the more recent and important ones. For that, it is enough if one refers to the *Reformer* of July 25, which, for a paper usually of an optimistic nature, is a doleful issue.

(1) Fiji Troubles. Nothing has been done except the publication of the official version which bears "a family resemblance to the official version of the doings at Amritsar in April 1919."

(2) South Africa. No settlement of grievances. But the question has been side-tracked to Voluntary

Repatriation, with the possible forfeiture of jewellery, which means an exile or deportation to many to whom South Africa was a home. After giving all their best to make that country rich, they are to be turned out unlike even old horses and dogs. This is our pride of Imperial connection and no wonder Mr. Gandhi says what "affection" can he have for such a rule.

(3) British East Africa. Manifold troubles and curtailment of existing rights.

(4) German East Africa. One wonders what has become of Mr. Gokhale's pet scheme that India should be given German East Africa. The colonies which helped Britain in the War, have all been given mandates over German Territories. The only reward of India is the curtailment of her existing rights and passing of Rowlatt Act. What does the Aga Khan say to whom also this ownership of G. E. Africa by India was a pet scheme? Meanwhile, German East Africa has been quietly gobbled up and grabbed by the Europeans. Poor Mr. Gokhale! his soul must be burning in his grave on seeing such unlooked-for injustices. B. E. Africa, G. E. Africa and Uganda will become more or less like S. Africa to the Indian. The *Reformer* has said "we think we can guess what Sir Benjamin Robertson's recommendation will be".

(5) While such is the case, Indian blood is still bled and Indian money poured in Mesopotamia and Persia. The Colonies are not spending a pie but are busy exploiting the German Territories. For example, Australia is busy prospecting for oil in German New Guinea or Bismark Archipelago and busy and happy with the Prince of Wales. For us, no new lands, even existing rights curtailed, Rowlatt Act and still money and men spent in the Middle East for Imperial purposes. Why India should incur military expenditure in Mesopotamia, or £500,000 in Persia, our Government does not tell us and seems to be only too willing. These are the watchdogs of our purse. And, yet, how apologetic in protesting and taking action against the treatment of Indians overseas. Lord Chelmsford's feeble protests and apologies cannot make headway against "Lord Milner's sophistries" and all the same, they would send men and money outside India.

(6) Our Military Expenditure has been raised to the utmost. In addition to it, there have been huge increases of salaries. The *Leader*, in its issue of August 5, under the heading "Blood thicker than Water" says the increases come to £2,540,000 or 38 crores of Rupees. It adds, "the increments actually given were excessive beyond all reason". "Generosity at other people's expense has been

light-heartedly practised by the possessors of authority and the dispensors of patronage" and "the meanness of the whole transaction and the attitude of mind it betrays becomes the more flagrant." The I.C.S. has succumbed to the temptation and Mr. Montagu is in shivers whenever Col. Yate and Sir J. Hicks get up and he is too willing to yield on this point. The I.C.S. must erect a statue for Mr. Montagu, not Mr. Bomanji.

(7) Then there is the most recent action, the sale of Reverse Council Bills. Experts have thoroughly discussed it. I need not enter into details. Only India has lost about 30 or 35 crores of Rupees. To England and Englishmen, it is ill-gotten wealth. The constitutional agitation again has failed but only broke into impotent fury and left some words like, "organised loot," "legalised plunder" and "daylight robbery." Does Mr. Bomanji know that Mr. Montagu is a party to this?

I have gone at some length even to the extent of wearying readers, on these points. To the idealist, in Punjab affairs and Khilafat it looks great wrongs have been done. To the practically minded, in addition to these two, greater wrongs have been done in other matters. How does constitutional agitation seek or propose to remedy all these? Our mind reels with despair and seems inclined to clutch at anything, Non-Co-operation, Boycott etc. The

onus lies on those who advocate constitutional agitation to show the way. Those who oppose Non-Co-operation and such like methods must visualise all our troubles and grievances and must show some active programme. It is no use repeating the performance of last year when the Moderates simply issued an appeal against Satyagraha and then kept quiet. They must be up and doing with their own methods. Otherwise, the country will blindly or openly, fall into Non-Co-operation, etc. Even Mr. Chintamani was forced to admit, he sympathised with Mr. Lala Lajpat Rai in his Non-Co-operation, if he were to sit with Mr. Thompson in the Council. Also Mr. Chintamani adopted a form of Non-Co-operation by resigning his membership of the Advisory Committee for Reforms Rules. He even wrote "that almost no single proposal of any consequence that had been made by the Non-Official members was accepted by the Government of India." It is a melancholy and thoroughly belated confession.

To the constitutional agitator, the whole country now turns round and adjures. Show us the way to get rid of these injustices or shall we fall into Non-Co-operation, Boycott, etc.? This crisis is great and acute; the tension is in the breaking point. What is the *constructive* reply of the constitutional agitator? Pray don't parley too long. We have a right to

expect some guidance other than mere manifestoes. If constitutional agitation is to be adopted, the leaders must decide on some active steps. If Non-Co-operation, they must discuss the various ways, good and bad. Or it may be Boycott of British goods.—*August 1920.*

REVERSE COUNCIL BILLS

I

At long last, the sale of Reverse Councils has been stopped and with it, a great financial scandal has ended. What is surprising is that the Government, in announcing the discontinuance of these sales, do not seem animated by the least sign of repentance for their costly folly but, to maintain their prestige, seem to feel satisfied with the results of their action and even declare they will reserve to themselves the right to resume the sales of these Reverse Bills. But not content with these sales for over eight months, beginning at the very high altitudes of 2s. 11d. —7d. above the then market rate and which left people gaping with wonder at this financial legerdemain — and ending abjectly with 1s. 10d., the vested and exploiting interests even clamour for its continuance. The mere fact that there should be some people still making such a demand without sparing a minute's thought on the consequences of the past sales, betrays the utter lack of conscience which greed would lead them

into. This is because, Indian public opinion, though opposing the Government's policy, was not sufficiently alert and Indian agitation, not sufficiently strong, to nip the sales in the bud. We say this, inspite of the self-congratulatory claim put forth by Mr. J. B. Petit in his address as president of the Indian Merchants' Chamber and Bureau. True it is, though other Provinces completely ignored this huge affair, Bombay created a strong agitation and the merchants there did some propaganda work. But whether it was commensurate with the vast issues involved, we beg leave to doubt. In any other country, such a financial escapade would have swept away any Government.

Various reasons have been adduced for the Reverse Councils Sales and, in their desperateness to find adequate arguments, the official apologists have been forced to shift from position to position. At first, there was the reason that the Currency Committee had recommended this step. But when it was pointed out that these recommendations did not involve immediate action, especially in that direction, when everything was against such a step, the high price of silver and the low American cross rate, they fell back on the very curious reasoning of large sums waiting to be remitted to England. Against this, they were told that it was no part of the Government's duty to facilitate these remittances,

to pander to the cupidity and greed of the remitters—perhaps the Government is alone responsible for this—and to pour wealth in the lap of the exploiters by giving very high rates, all these at the cost of the Indian taxpayer. The only reply was an emotional outburst pleading sincerity, honesty and incorruptibility. We may assume that for obvious reasons, expertness, thorough financial acumen and greater solicitude for Indian interests were not claimed. Now, two more reasons have been sprung upon us ; that the lowering of the prevailing high prices in India and the decrease in the note circulation have been the objects in view. It is for impartial people to judge whether all these reasons could justify the incurring of the enormous losses—direct and indirect—arising from these transactions.

Now, let us take into count the losses inflicted on India so deliberately or so thoughtlessly. Till now, the attention of the public has been mostly concentrated on two aspects or items only, namely, one, the artificial barrier raised against the export trade and the unnatural stimulus given to the import trade, the other, and what is more reprehensible, the direct loss of about 35 crores as admitted by Mr. Hailey in reply to Mr. R. D. Tata. The export trade was so paralysed that it has not still recovered its normal position, while the country has been

flooded with imported articles. Again, nothing can excuse, not all the reasons given can justify, the heartless and precipitate manner in which Indian resources have been frittered away even as the *Englishman* has been forced to admit. But it is regrettable that the public have been rather slow to appreciate the disastrous consequences arising from these sales, in other respects. The present financial crisis, the unstable trade conditions, the dearness in the money market and the consequent heavy fall in the price of all gilt-edged securities and likewise of all industrial holdings, and the enormous loss to the holders of these securities and to the share-holders of all companies, everything is attributable to the financial policy of the Government. It is on these points and on the consequences which have thus arisen that public attention, especially of the mercantile community, must be concentrated in a most imperious manner. There is a growing feeling arising from disgust that the preliminary agitation was enough and that, their action being irrevocable, they might be left to reap the fruits of their own sins of omission and commission and there is even a growing lethargy which lets those responsible for all these losses escape lightly or even with kudos. No, it should not be till this folly is righted and till the responsibility or blame is brought home to the

right quarter. If the losses were confined to the 35 crores and to the unsettled trade conditions, even then, they should not have been tolerated. But they have affected the whole economic well-being of the country for at least a decade.

II.

When the sale of Reverse Councils was continued as against the unanimous protest of Indians, Mr. Bomanji hurled a threat that the next Government loan would be made a failure and that none would respond to it. But he counted without the host. He was certainly not equal to the ingenuity of the Government. The ingenuity that could make them sell Reverse Bills at 2s. 11d., would not desert them now. All they had to do was to raise the rate of interest to a very alluring level and with 6 per cent interest, the Government loan was bound to succeed. Last January saw the zenith of a wonderful trade and industrial boom, the price of Government paper was slowly raising its head and money was plentiful. Now all has vanished. Before the war, there was nothing like an internal Government loan; and during the war, it was considered a miracle, a feat, when a million £ were subscribed for a loan in the whole country—quite as much as what a small town in England could raise. It is from such a country that 50 to 60 millions of capital were driven away to England

and that, at highly profitable rates to the remitters. Of course, we can admit that a fraction of the amount was for trade purposes. Having thus driven out quite a large sum, to escape perhaps the prophetic verdict of Mr. Bomanji, they launched on the 6% loan. The evil has not stopped with this. Now, we are hearing of 6½% loan and 7% loan. The Provincial Governments are really making a wonderful use of their newly acquired freedom or autonomy in certain matters like raising loans. Whether it was with the approval of the Government of India or not, we find the Bombay Government have raised a loan at 6½ per cent. Some Corporations are trying to raise loans or bonds at 7 per cent. Even in the Railway Conference, a 7 per cent loan for Railways is foreshadowed. Where will all this end and why all this indecent haste? Where was the necessity to raise such a large sum at such a high rate just now? Is this the sort of Provincial autonomy? Having thus driven out capital, having raised the rate of interest, we cannot imagine how many crores the holders of securities would have lost. Again, the dear money market has made industrial ventures impossible. Who is responsible for all this and should those men still remain in power?

Here, it would be useful to examine what a patriotic or National Government would have done

and that would itself expose the untenability of the reasons adduced. Even supposing that a sale of Reverse Bills was necessary, it would not have been taken on hand then as done now. Finding there was plenty of money in the country, knowing that the Government must go to the people for a loan, instead of helping the export of funds, first a loan would have been raised at 5 per cent or 5¼ per cent, at less rate than last year. Since there was no urgency to sell these Bills and since the currency Committee did not make it obligatory, instead of raising the rate of 2s. 4d. to 2s. 11d., a National Government would have waited to sell till exchange sold to less than 2s. if the object were to prop up Exchange at 2s. Thus for the six months, out of the eight, there would have been no sales, no loss, no "legalised plunder." As for decrease in note circulation and lowering of prices, they could have been secured by other means or at least some time later on, without inflicting such a heavy loss. There has been no appreciable lowering of prices of imported articles, as the manufacturers put up prices corresponding to the rise in Exchange.

One other dangerous situation has arisen. It would now be profitable to dump on India any amount of English capital. Of the remittances of 55 millions, the fortunate remitters of most of the

amount can bring back their capital with enormous profit. Those who remitted at rates above 2s., stand to gain a lot at the present rate of 1s. 7d. and even if the rate rises to 2s., they gain; while if the rate goes down to 1s. 4d., their profits would be incalculable. For example, a person who sent £100,000 at the average rate of 2s. 6d. or 8 Rs. to a £, if he were to bring back that sum, would gain at the rate of 5 or 6 Rs. in the £ and would have made a profit of 5 or 6 lakhs, almost cent per cent, thanks to the none too intelligible but adroit policy of the Government. Again the financial papers of London are already holding forth to the capitalists there that the times are propitious for the investment of capital in India. Add to this, there is the effective propaganda of the Senior Trade Commissioner in London, for our benefit, mark the contrast —asking big manufacturing and industrial firms to start branches in India. Also, since the price of all securities has been brought so low as, for example 3½ per cent paper at 51 and correspondingly all have fallen in price, on account of the dear money market and on account of the irresponsibly high rate at which Government and quasi-Government loans are raised, there is the added temptation to try at these low rates. In this connection, it only remains to expose the most patently dishonest argument ever used. It has been said plenty of

funds were waiting to be remitted. True! but, is it not a fact that the Englishman would invest his capital anywhere and everywhere on the face of the earth, in Timbuctoo, in Sahara and even in the Arctic and Antarctic regions if there be the least chances of owning a mine or mill and of making a dividend? The Englishman in India is in no hurry to withdraw his capital but, every day, schemes are in the air that show that their investments are going to be increased. So far, we have concerned ourselves only about the sales of Reverse Councils and their effects. About the other recommendations of the Currency Committee, there may be honest differences of opinion. But it is enough if we fix our attention only on the former. Now, the question is, who should be held responsible for this financial debacle and losses, both to the people and the public Exchequer or tax-payer. The Government *communiques* have left in us the impression that the policy was dictated by the Secretary of State and by the much boomed-up reformed India Council. As it is, it looks as if not much blame except too easy compliance or acquiescence, attaches to Mr. Hailey, our amateur Financier, who seems to have been selected more to sign the reactionary despatches of the unfortunate Chelmsford regime than for his great financial skill and knowledge and who seems to be not an efficient

successor to men like Sir G. Wilson and Sir W. Meyer. Mr. J. B. Petit in his speech at the Indian Merchants' Chamber, insisted that "finding that the close of the war left the balance of trade highly in favour of India to pay which England had not sufficient gold in her coffers and for which she wished to pay as little as possible every available method was studiously devised and deliberately resorted to by an all-powerful and almost absolute Government to substantially reduce, if not altogether wipe out, the balance of trade in favour of India. Measure after measure that had been enacted since the beginning of the war in currency and exchange matters could easily be explained and understood, when examined in the light of this fact." Coupling this with Mr. S. R. Bomanj's three famous epithets, we do not know whether these apply to the Government of India. But we know they apply in some measure to the British Government and primarily and in no small measure to the Secretary of State and to the India Council. It is under the Reforms atmosphere that Punjab doings were possible. It is the Reforms spirit (sic) that ushers in an Esher Report. It is a so-called Liberal Secretary of State and a reformed India Council that have displayed such unmistakable marks of kindness towards India. For one thing, it shows everything is a moonshine. The India

Council has not been refomed at all; its powers of mischief are as strong as ever, especially in financial matters, and not a jot abated. What shall we say of Mr. Montagu? Whatever may be Mr. Montagu's share in the Reforms, evolved out of time spirit, whatever may be his oft-professed sympathy with India and his desire to increase India's wealth as poured out in his recent speech—the Reverse councils business gives the lie to it—one has perforce to hold that in financial matters he is no friend of India. On the other hand, it seems Mr. Montagu is the financial enemy of India and a financial enemy of a very dire (Dyer) kind.

III.

The hope was held out last March by the Indian Merchants' Chamber of Bombay that they were not going to drop the question but that it would be re-examined in all its bearings. To that end, they announced, at the instance of Mr. Bomanji a member of that body, that a prize of £1000 or so would be given to the best book treating of Indian Currency and Exchange Problems from the point of view most favourable to India. We do not know what has become of it; whether there has been any response to it or not and whether such a book will be published soon, as, otherwise, it will be too late. If such a book is not forthcoming in response to

the advertisement, two courses are open as in the case of the Punjab affairs. One is to appoint a committee to write a report or frame an indictment just as the Congress Sub-Committee was appointed to consider and report on Punjab affairs. The committee might be composed of eminent men like Mr. Lala Harkishen Lal, who examined this problem in his Presidential address at the Punjab Provincial Conference, Sir Fazulbhoy Currimbhoy whose masterly speech in the financial debate of this year, recalled the halcyon days of Mr. Gokhale in the Imperial Budget debate, and Messrs. J. B. Petit, B. F. Madan and S. R. Bomanji and others. Besides, a reference should be made to some great financial experts outside India either in England, France or preferably in the United States. The Chamber might send all the connected papers to experts like Mr. P. Kemmerer or Mr. Schuster of Persian fame or even to experts like J. M. Keynes and others in England, giving them a fee of £1000 or so and asking them to give their considered views or frame a report—a report advantageous to India and exposing the policy of the Government. Such a step is absolutely necessary to arrest, on the one hand, all such unconscionable transactions hereafter and to stop all such brazen and insidious exploitation and to create some sort of "economic conscience" as the *Reformer* so pointedly put it

some time ago, and on the other hand, to see if it could be possible to make England disgorge this ill-gotten wealth. The latter would certainly seem a forlorn hope. It is only one of the series beginning from the days of the East India Company. How fondly we have to hope this will be the last! It is even enough if instead of giving this back, they do not saddle us with the expenditure of their military adventures as in the Middle East and we have to pray to God for this. But the former is of the utmost importance. Even the reformed India Council has failed us and has itself perpetrated this great injustice. Whether we will be able to prevent the exploitation of India, the concessions or advantages afforded to foreign capitalists or the holding down of Indian Industrial and Railway schemes to the benefit of London, is an open question. But, surely, such an enquiry and report by impartial experts would tend to stop such glaring mismanagement of India's finances until she gets full Home Rule. As it is, our position is no better than the West African Negroes on whose export of palm kernels to countries outside the British Empire, a duty of £2 was levied, which action aroused world-wide comment. What a pity, we seem to be no better situated in the control of our financial and fiscal policy than the West African Negroes! An authoritative and impartial report

by an expert might at least rouse the deadened conscience, if not of England, at least of some of those who control India's destiny. Besides, it is necessary to open the eyes of some of our leaders who seem to think we are in the best of all possible worlds. For example, Lord Sinha, a year ago administered a rebuke to Mr. Fazlal Haq of Calcutta and challenged him to frame a different Budget to that of the Government in regard to Police and Education Expenditure. We can assure Lord Sinha that the money lost on Reverse Councils would suffice for all popular schemes. His Lordship who seemed to show some acquaintance with finance, must, as Under-Secretary of State, be held responsible for the present policy. Mr. Montagu as Under-Secretary, was said to have had influence in the financial policy of the India office. Did Lord Sinha wield the same influence and what were and are his views in regard to the financial autocracy of the India office and war office, which has not been diminished at all, by the Reforms. If His Lordship's Government, after he becomes the Governor of Bihar and Orissa were to issue a loan, they would have to pay 6½ or 7 per cent, thanks to the costly mistakes of the India office.

It is gratifying to see that even in quarters that were dense and that refused to see any injustice

to India, some vague murmurs of disapproval are appearing. Till now, only three conscientious Englishmen have condemned the Reverse Councils business from the very beginning. They are the Editors of *Times of India,* The *Madras Times* and Dr. Gilbert Slater of Madras. The Editor of the *Times of India* has not only written many times asking for immediate stoppage of sales but also, when Bombay was taunted as the home of looters, chivalrously defended Bombay and demanded of the "looters" in Calcutta and Madras to agitate for the suspension of the sales even like the Bombay merchants in an equally disinterested manner. The London *Times*, in a casual notice, criticised the high rate of sales and the dissipation of Indian resources. Now, the Karachi Chamber of Commerce which, in the earlier part of the year, seemed to welcome the high rate of Exchanges, now criticises "the huge volume of imports *stimulated largely by the artificially high exchanges of February, March and April last.*" (The Italics are ours). The *Englishman* now deplores the high rate of Exchanges and "the frittering away of India's resources." It is therefore high time for the Chamber to carry out its declared object and obtain the opinion of experts like Kemmerer or Keynes on this additional folly of the Montford regime.

The experts might be asked to give their opinion

on the Currency Committee's findings in general. And also, a special reference may be made on the sale of Reverse Councils. The following are the points that require explanation or elucidation from the Government and from the experts :—

(1) Where was the need to sell Reverse Councils and that at rates even 6 or 7 d. higher than the market rate? 6298

(2) If there was a keen demand for remittances, why did they not take advantage of the demand according to the law of supply and demand and sell at a lower rate than the market rate and for the lowest bidder? Why did they not invite competitive tender?

(3) Is it not a fact that when they fixed upon the American cross rate, both England and America were making herculean efforts to bring up the rate of Exchange and also that everybody predicted that the price of silver, having reached the zenith, would fall soon?

(4) Whether it is not a fact that the one supreme anxiety of all in England seems to be to invest as much as possible in India and to hold a monopoly of Indian trade and industry and that being so, how inconsistent to maintain that English capital in India was in a hurry to quit India and how bad in principle to afford facilities in indecent haste and that at high rates and giving unlooked for

bouses to the remitters—which mystery or conspiracy has baffled all attempts at solution?

(5) Have not the Government tightened the money market, made money scarce, raised the rate of interest for their loans, thus creating enormous depreciation in the value of all securities, when every thing favoured a loan at a low rate of interest?

(6) Now that the Exchange is not at the level at which the Government wanted it to be, will it not wipe off hereafter their much expected savings in their remittances for Home Charges? In addition to the actual loss of about 35 crores, the Government's surpluses will be turned into deficits by the fall in exchange.

(7) And, lastly, and the most important one, to clear themselves off the charge of race partiality, will the Government publish the first lists of the remitters or allottees of these Bills? They are now publishing the later lists of allottees. It is necessary in the name of fairness and justice to publish the full lists of the earlier purchasers of Reverse Bills.—*December 1920.*

THE TRAGEDY OF THE REVERSE COUNCILS

I.

I shall quote at the outset from the speeches of Lord Inchcape and Sir Charles Macleod whom none would accuse of being over-friendly to India. Lord Inchcape said :

It was in his representative capacity as a tax-payer in India, he spoke and that, despite their abject poverty they had made their contribution to the cost of the war, at the instance of Sir William Meyer with all readiness. Of one thing he was certain : if Sir William had been in charge of Indian Finance in recent months, the fantastic, if to some of them, philanthropic application of the Reverse Councils system would not have been witnessed. No one would have had the opportunity of bringing their money home at 2s. 10d. per rupee and sending it back to India at 1s. 8d.

Sir Charles Macleod said :

It appeared to many of them that the wise course, after the currency commission had reported, would

have been to reserve the Reverse Councils system to a time when the rupee was in danger of going below the 2s. rate instead of applying it while the rupee reached the high but temporary figure of 2s. 11d."

Sir Charles Macleod added that when he left India a few weeks after the sale began, he wrote to the papers, making an emphatic protest against the continuance of these sales. Under normal circumstances and with prudent and honest finance guiding the policy of the Government, there would have been no need for any fresh taxation. As it is, the financial disaster caused by the sale of Reverse Councils is write large in various ways on the pages of the Budget and the most tragical thing is the various precarious shifts in which the Secretary of State is going to finance his needs next year, after having dissipated all his resources. The huge deficit, additional taxation, everything is attributable to the stupendous folly of the men who control Indian finances. And what is most surprising and exasperating is, that Mr. Hailey, even now, has laboured hard to justify his position in the Budget speech. If it were possible for him, he would have managed to keep a sphinx-like silence just as he did last year. Now that circumstances have forced him to explain the financial transactions, he makes up for candour and acceptance of his mistakes by an

aggressive spirit and by taunting Indians with lack of commercial morality. One wonders where was the financial morality that would sell Rs. 15 worth £ at Rs. 7 and Rs. 8 and that would raise 6 per cent. loans and 6½ per cent. loans when the country was bursting with funds! Let me take three of the most recent of his utterances and examine his contentions and show how untenable they are and how unsuccessfully he has practised the art of self-deception, if not of deceiving other people's intelligences.

There is, first, the speech of Mr. Hailey at the Conference of the Chambers of Commerce at Calcutta, which is now available, thanks to the *New Review*. He said "the Secretary of State still remained the ultimate and final authority on all questions of this nature." In that case, let them publish the full correspondence that passed between the Secretary of State and the Government of India, immediately prior to the hurried sale of Reverse Councils. While twitting Sir Montagu Webb, Mr. Hailey said in evident self-satisfaction:

"There was no doubt on one point, and that was that the interpretation which the Government placed upon the recommendations of the Committee in regard to the rate at which Councils should be sold, was the correct one. They had carried out the recommendations of the Committee, and no

member of the Committee had ever criticised the rate adopted."

It is simply an astounding statement to make. I challenge Mr. Hailey to show where the committee has recommended that rate and where they have recommended the immediate sale of Reverse Bills. On the other hand, on page 4 and 5 of their report, they say the Gold Standard Reserve was for meeting Reverse drafts to prevent any further fall in the value of the Rupee; and, while describing the previous occasions when the Government sold Reverse Councils, the Committee say, "the weakening of Exchange was met by the proved expedients of offering drafts on London" and thus Reverse Councils were sold in 1914, 1915 and 1918 at the maximum rate of 1s. $3\frac{29}{32}$d. or at the Gold export point. Having traced thus far, they definitely recommend, "that the Government of India should be authorised to announce their readiness to sell weekly a stated amount of Reverse Councils (including telegraphic transfers) *during periods of Exchange weakness.*" (Italics mine). Can anybody say, possessing the slightest glimmer of conscience or common sense, that the Exchange was weak and needed strengthening when it was 2s. 4d. and 2s. 6d.? Indeed, so far from contemplating that the Reserve in London should be dissipated or that the Reverse

Councils should be sold at 2s. 10d. and 2s. 11d. immediately, they have only suggested that "the Reserve at London should be revalued at 2s. basis" and the deficit to be slowly made up by the gain on Home Charges. Again, the previous practice has been which the Committee write approvingly of, to sell Reverse Councils for small sums and for short periods only just enough to support the exchange and when the exchange steadied, they were to withdraw from the market, and then the demand for Council drafts would revive. On no occasion, did they sell more than £ 5 millions or £ 8 millions, and that for short periods. Whoever heard or dreamt of Reverse Councils being sold for £ 52 millions for a long period, not to speak of the "fantastic" and "philanthropic" rates. Now, the consequence has been, no breathing time was allowed for the exports to revive; by means of the thumping rate of Reverse Bills, quite even above the market rate and sold for a pretty long period, the export trade had no opportunity to recover its former position and, naturally when the Reverse Bills were stopped, everything came down with a crash. The utter ineptitude or wanton mischief of the present position will be plain, from the fact that, while on previous occasions, the Reverse Councils were followed by a revival of a strong export trade and of Council Drafts, now both

have been literally throttled. While the Committee again and again, insist that the Reserve is only to afford protection against a fall in Exchange, now we find that our sterling resources have been ruined irrevocably by trying to support Exchange even when it was at a high level,—a sort of Don Quixotic action,—our export trade affected due to the uncertainty caused by the high rate of exchange artificially given support, and we are faced with a huge deficit on Home charges as well as a fall on inland Revenue. It is a red-herring drawn across the trail to bring in the other recommendations of the Committee. Indeed, they may be and are quite good but nowhere have they suggested this extraordinary method. On the other hand, two pregnant sentences occur in the report viz:

"For a time, at any rate, a large rise in Exchange tends to stimulate the import trade and to impede the export trade, while the reverse effect is produced by a fall in Exchange. * * * * Whatever the evils and inconveniences of instability may be, they are increased if the movements of exchange are brought about not by the automatic action of economic causes, *but by administrative acts.*" (Italics mine).

Also, Mr. Hailey said, no member of the Committee criticised the rate. His simplicity is simply

touching! Why does he expect the members to criticise at all? Their business was finished by December 1919 when they submitted their report and they were not going to give their opinion unless asked for and unless given fees.

We can safely challenge Mr. Hailey to submit the Reverse Councils business only, to the members of an impartial committee and abide by their verdict. He makes so objectionable, so untenable and contradictory statements that one has no patience with him. He says the European Chambers were supporting his sale of Reverse Bills and they must share with him the credit or discredit. The fact is, the Chambers began to support when they found their members stood to gain cent. per cent.—as Lord Inchcape has put it getting 1£ for Rs. 7—at the cost of the Indian taxpayer. But the point for elucidation is, and here, may we ask Mr. Hailey to tell us, whether he consulted the Chambers before launching on the sales and before fixing the rate? Again he should have known that all the Indians and Indian Chambers of Commerce and even the European Chamber of Bombay, a solitary exception, opposed it even in the first week. But this financial genius launched on this colossal loss, more loss indirectly than even directly, without consulting anybody, not even the European Chambers. It was,

presumably, incubated and hatched in secret by the Government of India and by the Secretary of State for India-in-Council and, one morning we woke up to find the Report and the sale together. At last, wisdom could dawn even on Mr. Hailey and he has made the following unexceptionable proposition in Calcutta, that "it was obvious to everybody who had studied currency problems that the permanent stabilisation of a new ratio was a matter that could not be attained immediately; it might be spread over years, such as was the stabilisation of the fifteen rupee ratio." In other words, all this sale of Reverse Bills is sheer, unprofitable waste of public money, which will not be sustainable in a court of Law. All that Mr. Hailey did, should have been done if the Currency Committee had recommended Exchange on a 3sh. basis, to put it most grotesquely.

II.

In his second explanation in reply to Mr. Bomanji's Congress speech, he said that the British Exchequer did not plunder India but had to pay heavily by the rise in Exchange. This will not deceive anybody except, perhaps, himself. For one thing, is it not a fact that all the materials sold to the British Government were sold at controlled prices and India and the Munitions Board were lauded on that account? Again, what Mr. Bomanji

might have meant was that the amount paid in sterling by the British Government to the Secretary of State was transferred to India with a loss to 35 crores. Also, there is this most important fact, that the price of Indian produce depends on the London Market and that if Exchange were high the Indian producer and exporter would get less and the British Exchequer would pay the market rate which would certainly be less than if the Exchange were low. Even if we admit Mr. Hailey's argument, it should be remembered that the Secretary of State raised the rate of Exchange from 1s. 4d. in the latter period of the war to 1s. 6d. and all the sensational raisings of Exchange were done in the last six months of 1919, in a suspiciously hurried manner. Now again, England would gain in her payments to India as the Exchange is low.

In his Budget speech, the Finance Member has reiterated the same arguments as he used at Calcutta. Mr. Hailey has still not replied to the contentions which many have put forth from the very beginning and which Mr. MacNaghten of Bombay so effectively and pointedly put before him in the Calcutta Conference. Mr. MacNaghten stated:

"They in Bombay thought that the interpretation under which the Government felt themselves

obliged to offer Reverse councils at 2s. 11d. when the market stood at 2s. 4d. was very wrong indeed. * * * His Chamber felt that if Government had kept their ordinary councils at the gold parity, which was roughly 2s. 11d. at the time, and had simultaneously undertaken to do everything in their power to support the rupee at 2s. sterling, the position at present would have been very different to what it was. Unfortunately, Government dissipated a very great deal of their resources by offering Reverse Councils from 2s. 11d. to 2sh. 4d. and when the time came to support the rupee at 2s. Government's resources were, as far as was known, at an end."

That is the view of a conscientous Englishman. Instead of giving an answer to the above, the Budget speech leads to further mystification. There occur two sentences which require some close examination. The Finance Member says :—

"Just as the new policy was introduced, the London-New York Exchange markedly weakened, with the result that the rise in the rupee Exchange, required to give full practical offect to the Currency Committee's recommendations, was far steeper than any one could have anticipated. One must admit further that the conditions under which Reverse Councils were at first sold gave a powerful stimulus to the demand for remittance of funds

from India to England, and aggravated the deficiency in the supply of exchange available to meet the demand."

Thus, a close study would reveal *a huge hiatus between the first and the second sentences* and, if he had answered Mr. MacNaghten, this hiatus might be understandable. It is the failure to answer this that gives the clue to the whole transactions. And it is this hiatus that completely betrays Mr. Hailey. It is, therefore, in keeping with his slurring over an important fact when, in an almost defiant manner, he refuses "to answer those enquiries" about "the failure to adopt the system of sale by competitive tender." Not by any means a fair attitude to take up, when he pays a tribute to the new powers of the Assembly, when he says "there are some people with whom it is impossible to reason" when he talks about the "commercial morality" and "the international credit" of Indians. What a pity, he did not remember the disparity between 2s. and 2s. 11d. or 2s. 4d. and 2s. 11d.

It is futile to talk of the world conditions and of the position of the other countries reacting on India. India had escaped all that up to January 1920. And "the prevailing commercial depression and the turn of the balance of trade against India," are they not due to the currency and Exchange policy of the Government? A London commercial paper

almost gloatingly writes, 'either way we gain, if the Exchange were at 2s. our manufacturers gain; if the Exchange goes down to 1s. 4d. our capitalists and investors gain.' That the latter view was not absent from the minds of the remitters of last year, was clear when Sir Montagu Webb of Karachi wrote, of course deprecatingly, of the rage with which every Englishman was scraping up every rupee he could lay his hands on and was even borrowing to send money to England, perhaps to bring it back. To take a concrete case, a seller of one 3½ paper at 70, getting £ 10 or even £ 7 on his remittance, would now be able to buy three 3½ paper or at least two. While, the Indian who bought at 70 finds the same at 55. With the dear money market in India caused by "administrative acts," the temptation is too great, and with the low exchange favouring it. Above all, that the Currency Committee did not dream of immediate Reverse Councils is clear from the fact that no mention or no opposition to it is made in the minority Report of Mr. Dalal. Even without the Reverse Councils system, the mere 2s. rate has driven Mr. Dalal into such pessimism as depicted in para 10 of his report and now his pessimism has become completely justified—let it be noted, not brought about by the 2s. rate but by other questionable acts.

Let us leave Mr. Hailey at that. It only remains to discover who is responsible for all this gamble to deprive India of her due. Mr. Montagu and the India Council are to be held responsible first and the Government of India come second.—*March 1921.*

MADRAS POLITICS

I.

Madras bids fair to become the barometer of Indian Politics. Herein seem to originate, first, all controversies and then all personal bickerings and explanations. But, on that account, it is sought by some not the less guilty, to put on the garb of a saint, of innocents injured. These indulge in a sort of affected squealing like that of a spoilt child and delight in drawing on Madras platforms and audiences attacks for unmannerly behaviour and for passing the bounds of decency in public meetings, and all this, so that they might escape the consequences of their naughtiness and aberrations. Have we ever heard of such undignified or petulant squealing on the part of Lord Haldane, Viscount Grey or Ramsay Macdonald or such unseemly attacks on the electors of England? The Madras audiences are no more unmannerly than audiences elsewhere.

In the present instance, Mrs. Besant who plumed herself on being an arch-agitator, because the

people refused to toe the line to all her passing whims and fancies and to her everchanging opinions, has the temerity to turn round on those very people who were her blind followers and supporters till now. Of course, we do not forget the great services she has rendered to the cause of the country. But what pains us most is the light-hearted manner, begotten of impatience and vanity, in which the rebellion of the people from her standard is attributed to the organised conspiracy of some 'wicked' men. Not to speak of the gross libel on much-loved and revered leaders, which this wicked suggestion of a conspiracy implies, this carries a perfect ignorance of the psychology of the mob. The mob was a good and sedate one when it truckled to Mrs. Besant's conjurations. Now when on very sensible grounds it refuses to be guided by her, the mob has, as a whole, become demented and been led away by conspirators! Was it not the same mob that gave no end of trouble to the Government during her internment to get her released and did not the Government and Anglo-India despair of the people, led by her, ever conducting themselves in a sensible and rational manner? Past services and past agreements are clean forgotten and, in a trice, her inveighings seem after the heart of Anglo-India. A few of the Moderates are congratulating themselves on the

capture of a stalwart, though unstable, leader. Mutual defence societies and mutual admiration societies are formed and, when a Moderate "leader" is attacked for his spinelessness, Mrs. Besant cries "hands off" not fully knowing whether he is a friend or foe. Now when her views and methods are honestly questioned, certain interested people cry out in a pontifical manner against, what they allege, the campaign of calumny towards her. Perhaps, these are the tactics for saving one's skin by creating new splits and hence, new friendships and new parties so as to cover their egregious and questionable acts. Honesty is not the monopoly of one party nor "personal malice" and "sordid intrigues" the characteristics of the other party. Perfectly dishonest men have got the knack of so shrouding their dishonesty as to pass off as very honest. In time, they will be discovered. Till then each party can afford to charge the other with conspiracies and calumnies. One thing is certain, the people at large are never controlled by this set of conspirators or that, but always possess an uncanny instinct for detecting the inconsistencies and sordid tricks of politicians of either party, of either sex, and the present temper of Madras is against such escapades. It is, therefore, betraying a downright degeneracy of mind and cowardliness to foist on a people the consequences of their indiscretions and

schemings. In this connection, it only remains to ask when did this dissatisfaction with the Madras public begin? Did it begin some years ago when the Home Rule flag was unfurled or at the time of her internment or did it date only from the Conjeeveram Conference or from the Delhi Congress? The answer to this would only reveal an uncharitable, ungrateful and egotistical frame of mind.

Now that Mrs. Besant threatens to burden Madras and India with another party of her own choosing, it will be interesting to go to the root of things. On the former occasion of the Conjeeveram Conference, Mrs. Besant was ashamed of her own child. Being herself the arch-apostle of extremism or the super-extremist as it is put nowadays, it was only natural that her followers should show an excess of zeal. How she utilized the occasion to become a martyr, how she allowed herself to be applauded by Anglo-Indians, how she began to condemn in no uncertain terms the Madrasees and the Tamils in particular, fully ignoring that they had tenaciously worked and agitated for her release and subsequenty they made her Congrees President, is well known to all. It was with perfect consternation that I, amongst others, looked on the mischievous manner in which harmless difference of opinion or split was exaggerated on the one hand, on the other, equally dishonest

was the use made of this to bolster up a Moderate Conference as, otherwise, the elders would be roughly handled in a united Conference or Congress. Here I express no opinion on the need of a Moderate Conference for discussing the Reforms Scheme. On the other hand, I am not against it. But what was disgusting was the inane and childish manner in which certain political stout-hearts used this extraordinary plea of rough handling. On the present occasion, she has outdone herself and on a matter of life and death importance she has conducted herself in an inexcusably cynical manner. We of Madras care a fig for all the differences on the Reforms scheme, on complete autonomy, etc.; but what made Madras rebel was the libel on the Congress that, by dropping the Resolution on the Prince of Wales' visit in the Subjects Committee—mark you! in the Subjects Committee only—this hoary body has become disloyal. A lady whom Sir P. M. Mehta and Gokhale wished to keep out of Indian politics altogether and whom, in spite of her present moderate friends, a whole nation placed in the exalted position of Congress President and who, more curious still, was never tired of calling herself Congress President till the 24th December last, she has almost crowned her political career by denouncing the Congress itself within ten days after her period of 'Presidentship' was over. She has not

yet chosen to withdraw her imputation although the explanation of famine and scarcity was long ago given. Not Sir Pherozeshah Mehta nor Sir William Wedderburn would have laid a like charge under similar circumstances. This was enough to put her out of court; no condemnation will be too great for this maladroitness. Madras is rightly incensed at her and she has become more or less a lost leader, whatever her pretensions or past services may be, for her charge of disloyalty has been sedulously taken up by the *Times*, and even by the *Times of India*.

II.

This leads us to a brief consideration of the parties or of the desideratum for such parties in Madras. There is this peculiarity in Madras that every one who becomes, or passes as, a leader, finds it indispensable to start a party of his own and when aggrieved gets an additional stimulus to launch on this *sine quanon*. Among the prominent parties are those of Mrs. Besant, the *Hindu*, Dr. Nair and the Moderates. It is said by some that the Moderate party in Madras is as dead as Dodo, or if there be any remnant of it, it has coalesced with that of Mrs. Besant. Now she wants to have two strings to her bow; not content with being the undisputed leader of one party—already the head of a great religious movement also—she wants to start a new

party which may also shelter some of the Moderates. Of the *raison detre* and the ethics of such a move we have already given an inkling. Then there is what is called the party of the *Hindu* or of Mr. Kasturi Ranga Ayengar. I doubt whether there is anything like a party of the *Hindu* in Madras. On the other hand, the *Hindu* has no party of its own. It represents a school of thought of which it is the most vigorous, well-informed and acceptable exponent. The *Hindu* with all its faults is beloved of Madras as it is the surest guide to public opinion. This affection is well deserved by the *Hindu* as it has done yeoman service to the cause of the country and as, especially during the troublous and momentous situations of the last fifteen years, it has never faltered a bit from its straight and uncompromising course. Any attempt, therefore, to tamper with this mutual loyalty and to seduce people to their time serving policy by conjuring the usual string of words, conspiracies and campaign of calumnies, will be completely ineffectual and will only react on them like a boomerang as some people have already learnt it to their cost.

Coming to Dr. Nair's party, let me say that I have the greatest admiration for Dr. Nair in spite of his temporary aberrations and that I have always held that he is a victim of circumstances. He as well as Mr. (now Sir) Thiagaraja Chetti has been driven to

that queer situation by the tactics of petty and small minded men who somehow hold the strings of party politics. Dr. Nair has always my sympathies and some of our Madras friends would have tried even the patience of an angel. Dr. Nair who took up the challenge and flung back the insult when Mr. H. K. Beauchamp of the *Madras Mail* called Surendranath Bannerji and his supporters as demagogues, who had so often opposed and braved the anger of the bureaucracy, who in the Senate exposed the cunning policy of dumping on India costly but useless experts—by which policy India is being threatened with a deluge of costly experts on a wide and furious scale,—it was this Dr. Nair who was driven into the enemy's camp by stupid mis-handling. Not even when he returned disgusted from the Hospital ship did the Madras party politicians have the political foresight and acumen to utilize his unequalled energy and abilities for the National cause. Mrs. Besant is a little bit responsible for this. Of course, I do not forget that, in the Legislative Council, he more often voted on the official side than on the non-official side. Still nothing would excuse the folly of such tactics, and men who talk of self-sacrifice and give and take policy should have known better than to have pitted themselves against a veteran but extremely intractable politician. The

pity of it is that Mr. Kasturi Ranga Iyengar and Dr. Nair, who were two inseparables, if I am not mistaken, were forced into two opposite camps. As for Mr. Thiagaraja Chetti, it must be said, in spite of his Brahmanophobia and violent outbursts, there is more patriotism, more genuine ring in his speeches as president of the South Indian Chamber of Commerce, in his views on Fiscal Autonomy, Railway Nationalization and the Financial Policy of the Government, than in the erratic attitude, adopted by some leaders in the Imperial Legislative Council. One thing, I must offer as personal explanation and that is my admiration for both, and my faith in them is unimpaired as I can claim to have, curiously enough, *not* read a single issue of the *Justice*, and I don't regret it. How I wish Dr. Nair and Mr. Chetty joined the popular party again?

After all there is the question whether there is room for more parties than one, in Madras and in India. Of course, the Reforms scheme has been a bone of contention and, with some, it has been the easiest way to fame and leadership. Barring the Reforms Scheme, in all other causes, we are labouring under the same disadvantages. Sir Thomas Holland to whose official life as Director of Geology, one must read P. N. Bose's evidence before Public Services Commission, whose Presidentship

of the Industrial Commission was marked by the Peerbhoy evidence, under whose chairmanship of the Munitions Board, only 3 Indians were appointed among 300 officers, who is now making quips at poor but indefatigable Sarma, this Sir Thomas Holland presiding over the Commerce. Industry and Railway Departments; Mr. Montagu, frightened away by the revolt of the I.C.S., sanctioning every demand for increased emoluments of the Services, Police. Medical, I.C.S. etc; Railway policies adopted not with the sole eye to Indian interest; Fiscal autonomy and industrial reconstruction suited to the best advantage of Indians and Indians only not still outlined; and many other vital questions of Education and Sanitation pending, should there be too many parties in India? Are the Moderates as well as the non-Brahmins going to confine their activities only to the Reforms Scheme? Are all these questions taboo to the Moderate Conference or, perhaps, does Sir D. E. Wacha correctly voice the views of all Moderates by his extraordinary performances? It is deplorable that the Congress is forgetting other problems and thus deviating from the principles of Ranade, Dadhabhai Naoroji, R. C. Dutt and Gokhale. Let us peg away at the Reforms Scheme by all means but let us be under no illusion that, on other problems, the fight with the vested interests will be

more stiff and troublesome. If we don't wake up now, they will have their own way, whether on Railway Nationalization, Fiscal Autonomy, Railway and Military Expenditure, Industrial policy to benefit Indians or others, Expenditure on Social needs or on Increase of Salaries and it will be too late then to mend matters. There is room for only one party in India and "the present attitude of Governmnet, the Rowlatt Bills and the amazing declarations of the Viceroy last month as to the undiminished powers to be yielded by the bureaucracy" as the *Bombay Chronicle* has put it, premptorily demand that there shall be one strong united party even including Dr. Nair and Mr. Chetti. There is no reason why a Special United Congress should not be convened to discuss every other question except the Reforms. I shall conclude this with the hope, let not mental aberrations dotage, insincerity, jealousy, intrigue glib tongue cumber Indian politics for some time at least.—*April 1919.*

THE EPIDEMIC OF INCREASED SALARIES

India is par excellence the land of epidemics. It is a land of contagion and infection. Or shall we say, that, according to the Law of the Tropics, everything grows and multiplies at a furious, irresponsible rate, whether vegetation or disease etc. But nobody would have dreamt that the matter of increase of salaries would spread with all the fury of a vigorous contagion or a regular epidemic. Not a day passes but some obliging member puts an interested or inspired interpellation in the House of Commons about the increase of salaries to already well-paid officials, and a too-obliging Secretary of State at once answers with becoming and reassuring emphasis that the salaries and emoluments are to be increased. In some cases, he has already increased, in a few others he is about to increase, and in other cases, he is simply awaiting the proposals of the Government of India. All this is done over the heads of the Indian people as if they have no concern in the affair and as if their opinion and feeling should not be consulted and

respected. One day, the interpellation is about the Police; the announcement is made their salaries have been increased. Another day, about the Medical Service, and the British Medical Association immediately acclaims and votes for Mr. Montagu as a very popular hero; third day, some grumbler on behalf of the Educational Service which has produced great authors, literateurs, scholars, and savants of world-wide renown! And last, though not the least, the incomparable, matchless Indian Civil Service. But, for them, there need be no fear and they know how best to take care of themselves. For, did they not in the beginning of the war, under the most preposterous of reasons, get an increase of salaries? Other services also cannot be expected to lag behind and these will also find ready and enthusiastic interpellators. Why! for the matter of that one member has already earned the sobriquiet of the Member for the Army in India. And others would follow in his wake to earn the name of Members for this service and that. And so on, and so forth. While this mania is spreading Sir Thomas Holland who could bring himself to appoint only 1 Indian out of 300 officers of the Indian Munitions Board (*vide* All-India Congress Committee Resolution) is simply waiting at the elbow of the Secretary of State to get his sanction for the materialization of all his suggestions in the

Industrial Commission Report. And the foremost suggestion with which every page of the Report is burdened, is the creation of numerous Scientific and Technical Services. And it has been said that India is poor and backward industrially because she has not these services to help her industrial growth. It is a matter of honest opinion, perhaps, and hence, their *bonafide* is not questioned. But our immediate concern is, is he going to man these services by the fine and costly experts of the West for whom he has the greatest fascination? Will the proportion of Indians in the Services be 1 to 300? The late Dr. T. M. Nair had some very strong views on this question. Only let us hope that Sir Thomas Holland would definitely fix their salaries so that they may not begin their clamour for increase of salaries soon after their initiation in the fertile tropical zone! Now this seems to be, as in the language of the Exchanges, a sort of joy-riding for higher officials.

There remains the question of what is to become of those who draw less than Rs. 200 or 300, of those people dragging on Rs. 30 or 40 as well as of what is to be the effect on India's finances. Those drawing Rs. 30 and 40 will get Rs. 35 and 45 while those drawing Rs. 1200 will draw Rs. 1600. Thus both the temporal and spiritual gods are extremely partial beings according to the old adage of "To

him who hath." One would rather like that a single step be taken and that, at one stroke, the salaries of all higher officials be increased, than this aggravating and annoying and provoking series of interpellations and promises. While on the one hand, it induces the officials of the Department left out or their sponsors to shout out, these interpellations simply alarm Indian opinion as to where it will end. These driblets are more alarm-creating than a wholesale execution.

The Army takes away more than one-third of the the Revenue, Railways perhaps one-fifth, Services and Establishment more than one-third. Now there is a prospect of Indian Finance being charged with one million for increase of salaries. Whereas in England, we have not come across any movement for increase of salaries for higher officials, and even the poor Lord Chancellor had to go "without his bath;" our Governors and Lieutenant Governors are said to ask for more costly things. On the other hand, there is the movement for an increase in the salaries and wages of those drawing less than £200 or £ 300 and towards the establishment of a minimum wage. Here is the glorious minimum wage of Rs. 25 for a full-fledged graduate. In England, at present, money is poured lavishly not to buttress up the Services, but towards feeding and helping the unemployed, the

unemployable, the crippled and the destitute; mostly returned soldiers. Perhaps our Government do the same for the returned soldiers who are mostly in the Punjab, but why don't they advertise and why do they hide it?

The demand for increase of salaries may be even just for aught we know. But our great complaint is, everything is decided over our heads as if we don't count—only we have to pay and grin as if it is a matter exclusively between the Government here and the Government there. The whole set of these proposals has been excluded from our purview and they have not chosen to get our moral approval, if not legislative sanction. Since we have not been taken into confidence, we are groping in the dark and wondering where it will end and what is the limit. Now this leads us to consider as how this affair of salaries has been being manipulated.

There is first the party which does not care for Reforms and which even opposes vehemently and, sometimes, in intemperate language, but all the same would demand increase in salaries on the score of high prices quite forgetting that the high prices press most on those lowest in the scale. They are intellectually irreclaimable and there is no salvation for them. The second party more reasonable, more compromising and less truculent

and agreeing to the Reforms and to the greater admission of Indians in the Services, still demands an increase of salaries. We should be extremely chary of opposing the demands of these true and rare friends but for the fact that an extremely safe and moderate paper once wrote pointedly that they demand increase of salaries as though the underlying idea was that what they lose in numbers they would make up in amount. If this be true, it does not speak well of their heart. Then there is the third party—most responsible, most well-intentioned and friendly to our aspirations—which may or may not decide the question on its merits and on the capacity of the people to bear; but which, being more anxious about the Reforms, caring more for the greater good so as not to wreck the Reforms, and itself and its reputation or fame being thus nailed to the mast of the Reforms scheme, is ready to concede such demands so that the first may be mollified and conciliated and the second may be drawn closer. What wonderful diplomacy in this land of the highest paid service in the world! Could this be a symptom of flabbiness or the alertness of a rope-walker? Suppose by some superhuman power we possess the power to refuse the increase, do the Reforms go under? But all these three parties we can understand. There is the fourth party whose attitude one is not able to

comprehend. It does not care for increase of salaries, it does not care as to how money is allotted in our Budget, it does not care for Railway Nationalization, Financial and Economic problems, Rowlatt Act, Press Act, Punjab situation etc. It has pinned its faith to Reforms and Reforms alone, not caring to think that the Reforms are only a means to an end. Its reputation, fame, leadership, all are bound up with the Reforms. On other questions, it puts on the air of an eminently self-satisfied and vain patrician or the air of a non-complaining ignoramus. For such as have thus bound themselves to the Reforms, the increase of salaries is a subject fit for the agitation and mental worry only of plebeians. Hence the whole question has to be decided against us by confident assumption on the one hand and by default on the other. In this predicament, we can only make a despairing appeal to Sir Dinshah Wacha to stand to his guns. He has made a wonderful speech on this in the Legislative Council and the official members seemed to feel annoyed and they have given the go-bye to it. When he turned turtle on Railway matters, he was praised and his views were applauded. Consistency requires that they should also listen to the words of our veteran patriarch on this topic. Will Sir D. E. Wacha come out again with his thundering views on this

and on similar topics? What a pity that very few of the modern leaders care for financial problems?

It is therefore most gratifying to find that the *Indian Social Reformer* gave pointed expression to this grievance of ours in its issue of July 27 when it wrote that "the Government of India are anxious to see as much of them (loaves and fishes of office) as possible distributed among Europeans before India is launched on the course to responsible Government." The *Reformer* is not alone in this feeling. The *Times of India* wrote in its issue of November 5, 1918, "unless there are radical changes, one effect of this scheme will be largely to increase the expense of the administration at the top, when any reasoned survey of the Indian administration must show that it is already too expensive at the top and not expensive enough at the bottom. It would not be unfair to describe the Indian administration as one where very large salaries, with very costly additions like migrations to the hills and other heavy expenses are provided for those at the top, whilst in very few cases are those at the bottom paid a living wage. None can study this question without being convinced that the greatest need of the day is economy at the top and greater expenditure at the bottom; unless there is a radical change in our ideas, these inequalities will be perpetuated and extended." Never was the

poor Indian's case reprcsented in more vigorous and truer language. Even a moderate paper wrote. "It takes one's breath away to hear the most liberally paid services in the world talk of their hardships and privations. The richest country in the world cannot afford to entertain the demands of people who feel under no obligation to relate them either to the capacity of the country that employs them or to its other needs of a genuine and crying nature. In this country the lowest ranks of the services have been paid less than a living wage and they are the hardest hit by a rise in prices and other adversities. Till their condition is materially improved—and it will take long years—the guardians of the public purse ought to be deaf to such recommendations as are made in the Report".

Will all this be a cry in the wilderness? Is there none so humble as to agitate on this question, especially of the leaders at the top? And, forsooth, all these increased emoluments are to be made statutory! Despair takes hold when one sees that while attention is side—tracked to Reforms—of course, inevitable and necessary—we are losing ground on other vital points.—*August 1919.*



RESPONSIBLE GOVERNMENT

Its Cost

Now that the views of all the representative bodies with their schemes of reform have been presented to the Viceroy and the Secretary of State and now they are going to be considered finally, we may be sure that some substantial changes will be made in the development of Indian Polity on real progressive lines. At this juncture I would like to draw the attention of the Government as well as of the public to two or three questions of some importance which arise out of these constitutional changes and which cannot be ignored. Though they are not of much vital importance, yet they are of such a nature as to deserve immediate consideration, along with these constitutional changes.

(I) First and foremost, is the cost of the Executive Council or the Cabinet in the several local Governments as well as in the Imperial Government. It is proposed that the number of the Executive Members should be increased to six. It is quite

pertinent, and is but fair, to ask at this stage what will be the salaries attached to these Executive Council memberships, and whether the present salaries will be retained to all these posts. We are already complaining—and we have very good reasons too to complain—that the present system of administration is overpaid at the top and it is unthinkable that the Executive Councils should be doubled or trebled on the existing rate of salaries. It stands to reason that any such proposal to have the present rate of salaries fixed for the Executive Councils is totally unjust and that the whole question should be revised in the light of recent criticism and of the experience of the other countries, especially the Colonies.

Lest it be thought that we have drawn this fear too much from our own imagination, let us compare it with that of other countries. At present, an Imperial Executive Council Member draws £5,333 whereas an important Cabinet member in England including the Premier, draws only £5,000. A Provincial Executive Council Member draws £4,266, a salary almost equal to the salary of two other Cabinet members like the First Lord of the Admiralty and more than twice the salaries of four or five other Cabinet members like the President, Board of Education or President, Board of Agriculture. If we compare it with the

Colonies, the position is still worse. In the Commonwealth of Australia, there is a very wise provision in the constitution—an excellent precaution against temptation of ministers voting themselves an increase of salaries—that the salaries of Ministers should not exceed £12,000 and that this £12,000 should be divided among the Ministers. Thus the eight or nine Ministers get among themselves only £12,000 whereas the three Excutive Council Members in a Province here get £12,798. To put it the other way, a Minister in the Australian Commonwealth gets a monthly salary of about Rs. 2,000, a salary less than a Collector's. If we go to several States of the Commonwealth, we find the pay of the Ministers is still less. In New South Wales, the total amount is fixed at about £11,000 and each Minister gets the glorious sum of Rs. 1,712 each month, a paltry little sum which a Collector or even a sub-Collector would scorff at. In Canada, the Premier gets 12,000 dollars or a little more than Rs. 3,000 a month. Imagine a man like Sir Robert Borden, one of the brainiest and most remarkable statesmen of the British Empire, getting a salary which a mere Secretary to a Provincial Government grumbles at. His Ministers each get Rs. 1,800 a month or 7,000 dollars a year. In the several Provinces of Canada, the Ministers get salaries ranging from 5,000 to 6,000 dollars or from

Rs. 1,300 to Rs. 1,500 a month. Even in the Colony of South Africa where the Ministers receive more pay than the Ministers in other Colonies, they get only £2,500 as against our Executive Council Member's £4,266 or about Rs. 3,100 a month. A study of countries outside the Empire leaves the position still worse. Mr. Lansing and Mr. McAdoo who, after President Wilson, share most the burdens of the war, get only 12,000 dollars or about Rs. 3,000 a month, and that in the richest country in the world.

We will not explore still further the comparative study of this question—we will leave it to the Government and the people to deduce their own moral therefrom and to pursue the investigations still further if they choose—but we would like to point out two very interesting facts that have been revealed in this study. In the several States of Canada, Australia or U.S.A. the Ministers do not get the same salary. A Minister in one State gets 6,000 dollars while in another a Minister gets 5,000 dollars. Whereas in India in all Provinces, big or small, important or unimportant the same rate of pay prevails. Another interesting fact is that, in all these countries, the Ministers do not as a rule get the highest pay in the State. Generally, it is the Judges of the Supreme Court and Railway Engineers and Managers who get the highest salary.

Thus it will be seen that the cost is already much higher than anywhere else, and if the Executive Council be doubled then the cost will be tremendous. We will then have the spectacle of each of the eight or nine Provinces spending on the Executive Council Members, instead of the present already high sum of £12,500, £25,000 or even £50,000 (from four lakhs to eight lakhs of rupees). There is only one remedy to this, that is that the pay of the Executive Council Members should be reduced to the same level as prevails in other countries.

(2) Also, there arises the question of payment to the non-official members of the different councils. Sometime ago, the suggestion was mooted that there should be payment for the members of the Legislative Councils. In our humble opinion the necessity for such payment has not arisen and any such payment will be an uncalled for innovation. It is enough if the present system of travelling allowances and *batta* continues and we hope there will be no clamour for some years at any rate in this direction till we have established a claim for disinterested and expert work in the councils.

[*(3) Thirdly, there is a suggestion by a mere

*** Though the suggestion made in this para has nothing to do with the last of Government, the writer holds there is some connection between the two; For almost the first businees of Mr. Mazumdar M.L. in the assembly was to get an increase in the allowance and to get back the "Hon'ble" for M. L. A.'s.**

mention of it, we would, like the fat boy, in Pickwick, make the flesh creep of our would-be and prospective Legislative Council Members. It is this, whether the word honourable used as a prefix or title to councillors should go on or cease to exist. We do not know what the origin of the honourableship is, whether it is a statutory thing or not, Any way, it is worth considering whether the "Hon'ble" should continue.]—*January 1918.*

INCREASE OF SALARIES

"FINANCIAL RESPONSIBILITY"

Now that the recommendations of the Public Services Commission have been taken up for consideration by the Government, and now that suggestions regarding them are being released—to use a familiar war expression—by the Government of India and the Provincial Governments, may I draw your attention to one aspect of the whole question, on which you have expressed yourself so often in unmistakable terms? It is on the question of salaries, rather the proposed increase of salaries in the higher grades, all round. One of the most objectionable features in the whole scheme of recommendation is the unhesitating conclusion that the salaries of all high posts in this poor country should be increased still further. It has been so often pointed out that the salaries even as at present paid, are higher than anywhere else in the world and that a District Collector draws more pay

than the permanent under-secretaries in England—not to speak of still higher level of salaries as compared with other countries. This point of comparison has been well brought out in the recent discussion of the Imperial Council and it will be a great pity—it will create such a bad impression in the people—if the warnings conveyed in those speeches are ignored.

In this vexed controversy we are extremely thankful that we are supported by you. In your leader of October 20, you wrote, while discussing "Financial Responsibility" with that genuine liberalism characteristic of you, that "certain economies are possible in our administration and we wish that members of the Council would devote themselves to pointing out these, instead of for instance grudging the policeman a small increase in his starvation wage." Surely, no educated Indian worth the name would contest this proposition and I am sure no Indian would grudge the poor policeman a small increase in his pittance. When the Hon. Mr. Subba Rao moved his resolution on Public Services, there was no mention of, nor even any demand for, increase of salaries of high officials and the Indian public were not prepared for this sudden onslaught as it were on the public purse. On the other hand, it is the Public Services Commission that have acted on the proverbial adage that those that have

much shall have more and those who have less shall be deprived of what little they have. Certainly, this is not realising "the financial responsibility." In the same leader you have graciously written "that the normal growth of the revenues will be largely absorbed in putting our administration on the existing scale on a living wage basis." I implore you, sir, to join with us in resisting this most unjustifiable demand on the public purse when really "certain economies" in our administration are urgently called for.

No-one has lamented the want of free and compulsory education more than yourself, and, indeed, *The Times of India's* views are regarded with considerable respect and gratitude for its bold support of Mr. Gokhale's Bill and Mr. Sarma's resolution. And in your leader above referred to, there is a poignant utterance that "take for instance the question of national education. We share to the full the bitter regret of all those who deplore the prevalence of illiteracy in India: we agree that this is a blot, perhaps the most serious blot, on the administration of this country. We accept entirely the views of those who urge that the banishment of illiteracy is one of the most pressing problems which the Government has to face." This one crore of rupees that is proposed to be added to salaries would contribute to the solution of

that problem of which you are the greatest champion. Here again I ask, is there the true spirit of realising "Financial Responsibility?" And great and universal is our regret that while discussions are carried on for increase of salaries and for other items of increased expenditure, even H. E. Lord Chelmsford in his epoch-making speech of September 5, could not bring himself to declare to an expectant public, an unequivocal statement regarding primary education instead of the "we are alive to the urgency of the problem."

Besides, in your leader of October 28, 1916, while discussing the Hon. Mr. Jinnah's scheme for provincial autonomy you declared yourself as opposed to a scheme which only increased the cost of a top-heavy administration while the subordinates in the lower services would be left in the cold. You then wrote with quite a righteous indignation "that to add three members to the Executive Council and call it a Cabinet would increase the cost of the administration at the top by at least three lakhs of rupees. That, in a country which we are always being told is extremely poor, and one where it is a commonplace that the middle and lower ranks of the public services are most inadequately remunerated." You added further that any changes in the administration of the country should be done so as not to exceed the present cost.

Not a word has been said by the Government regarding the salaries of the ill-paid subordinates. These long extracts from you alone must convince the Government that, if they increase the salaries of officials of the higher services, be they Indian or European, they will not only create heart-burning, as the whole of India is opposed to any thoughtless increase of salaries in our present financial condition but they will also be frittering away the marginal resources of the country without learning the lessons of the war for economy and prudence and without realising financial responsibility. On the other hand, I venture to say, there is even a good case for an all-round reduction of salaries if we compare India with the rich England, America or Germany. Sir James Du Boulay himself made such a lame defence in the Council that it looked as if the Government was ashamed of some of the extravagant demands of its servants who, unrestrained, went on asking for more, forgetting the fact that they were already the enviable recipients of high salaries and 20 different kinds of allowances, annuities and leave rules. Well, I shall not grudge them the present favourable conditions; but let them remember elementary education for 300 millions and the pay of the lower ranks of the Government servants before they can conscientiously think of demanding or granting an

increase of salaries of higher officials. Also let them remember in all seriousness the after-war schemes of reconstruction which India is in most need of and the probable world-military conditions after the war. *Times of India—October 1917.*

"TO HIM THAT HATH!"

Among the questions which Mr. Montagu and Lord Chelmsford have discussed in their Report and in regard to which they have made positive recommendations, is that of increase of salaries and emoluments. Rates of pay, they recommend, should be reconsidered, incremental time-scales should be generally introduced and should continue until the superior grade is attained and the maximum of ordinary pension raised. It is surprising that this question of salaries should have found a place in the Reform Scheme and should have been raised to the dignity of serious reference and a grievance made of the fact that Indians oppose " the improvement of the conditions of the European services in India ". Notwithstanding they are the most highly paid service in the world, the members of the bureaucracy in India have been the lucky recipients of about a dozen kinds of allowances, and notwithstanding the grant of exchange compensation allowance, not a decade has passed without their setting up

one reason or other for the increase of their salaries, and for the improvement of their own services. The Public Services Commission was demanded by Indians in order that their position in the services might be re-examined and improved, and not that the pay of any class of servants, Indian or European, should be increased. But, along with other recommendations, this increase has been allowed. Again, in the beginning of this war of sacrifice, not a very becoming agitation was started for granting promotion—bar allowances, extra allowances, etc.,—and a weak Secretary of State for India quite readily sanctioned it. It was only in the month of March last that Sir William Vincent declared that the Government of India had not made up its mind on the question of salaries and that it was keeping an open mind on this subject. Within a month after this—the Report of the Reform Scheme was signed in April—the increase of salaries seems to have received the imprimatur and approval of Lord Chelmsford and of the Secretary of State. There is a great danger of this becoming a settled fact although Indian opinion is unanimous in opposing any increase of salaries to higher officials, both Indian and European.

At the outset, it should be made clear that this opposition is not based on any race prejudice.

Without importing into the calculus of this problem any such racial aspect, it can be examined from the standpoint of true national and human economy. As Prof. Marshall, the eminent economist, says: "It may make little difference to the fulness of life of a family whether its yearly income is £1000 or £5,000; but it makes a very great difference whether the income is £30 or £150; for with the £150 the family has, with £30 it has not, the material conditions of a complete life." This excellent dictum has so swayed the minds of the legislators of the West that, in every country, constant attempts are being made to do away with inequalities of wealth. In India, not only are we far from this ideal of Government, but those in power seem to be so obsessed with their own needs that the parable has come true: To him who hath all shall be given; from him who hath not, even the little that he hath, shall be taken away. Whatever it be, the point of view emphasised by Prof. Marshall, that the man getting Rs. 1,000 or Rs. 2,000 is in less need of any increment than the man getting a paltry sum of Rs. 20 or Rs. 50 or even Rs. 100, of an increment of Rs. 5 or Rs. 10, is one that cannot be easily brushed aside. The question is a vital one for Indians, affecting as it does the not very flourishing finances of the country and encroaching seriously

on its already starved cultural needs. So long as any of these cultural needs remain neglected, any demand for increase of expenditure in such a direction as salaries, is one that no Government should allow. Necessaries to all, before luxuries to any, should be the formula. On the other hand, considering that India with its poverty maintains, even at the present rate, the costliest civil service in the world and considering that, while the cost of Civil and Military services is mounting up, expenditure on education and sanitation is almost at a standstill. There is a better case for reduction in the rate of salaries now prevailing than for increase. If Indians were enjoying self-government based on party politics, it cannot be doubted that this reduction of salaries would become a strong party question. The issue facing us is, whether India is to be saddled by a highly paid bureaucracy, Indian and European. We do not want vested interests of Indians any more than of Europeans. India needs to take warning, not only by her own experience but by that of other countries. Even in England, the least bureaucratic ridden country in the world before the war, the bureaucracy has so multiplied itself that people are beginning to think seriously of the danger of the vested interests created thereby; even though the pay there ranges from £500 to £1,000 or Rs. 600 to Rs. 1,200 a month.

APPENDIX I

EXTRACTS FROM SIR DINSHA WACHA'S BOOK "INDIAN RAILWAY FINANCE"

Upto 1910, there has been a net loss to the State, that is the tax payers, of fully 40 crores of Rupees. In other words, in the State ledger, there is a debit of that amount. It is this colossal amount which has yet to be wiped off. The tax payer may consider himself fortunate if it could be wiped off in the year of Grace 1925.

* * * *

A powerful and interested class, a minority, has been pampered at the expense of the masses to whom less than proper justice has been done in the matter. Is it a wonder, that, under such a deplorable policy of favouring a particular class, there were foreign traders before the Mackay Committee in 1907, who hesitated not, to urge on that body the expediency of having as many as a hudred thousand miles of Railways in the shortest possible time? We gasp for breath at this "very large order" so to say. When such an opinion is light-heartedly expressed without any serious

thought of the colossal financial capital which would be required for this lakh of mileage we are tempted to question the sanity of those who coolly suggested it to Lord Inchcape and his colleagues. But what do these foreign merchants care, whence the monies are to come and how the annual interest charges are to be met. To them, sufficient for the day is the construction of the hundered thousand miles of Railways at lightning speed. * *

Is it difficult to conjecture that it is the friends of the different European Chambers, supported by Indian Railway Companies' Directors in England, who must have been behind the *purdah* in urging Lord Crewe to send down Lord Inchcape on his "mysterious" mission ?

* * That history (of Indian Railway finance) is of a gruesome character, reflecting little credit on the Indian Government and on the different Railway Companies.

* * * *

It is high time, however, that the Government thoroughly revises its Railway policy, especially the financial branch of it, in harmony with the sentiments and views of the Indian public which has been hitherto deemed a negligible factor more or less.

The permanent population is never thought of.

* * Just as the tax payers are supposed to exist for the army, so, too, in the matter of Railway; the *vast population of three hundred millions, without whom it would be impossible that even the half-a-dozen of the most paying Railways could ever earn a bare one per cent, exist* simply in order that the army of railway officials of the "superior" caste may flourish and see to the comforts and conveniences and the wants and requirements of the foreign exploiters of Indian Economic products and their trade resources. The interests of these exploiters are paramount.

* * * *

In no other department of the State is the interest of the white man more sedulously conserved and more actively promoted than in the department of railways.

These white men of commerce never pay a moment's consideration to the rupee and the anna aspect of the problem. They simply proclaim from the house top "sufficient for the day that we get the railways we want". Their sole and exclusive object is to exploit the country far and wide for their own interests without ever so much as even taking a single rupee in the enterprise. The population counts for nothing. It only counts like so many dumb-driven cattle to earn money for the foreign shareholders who not only eat their cake but call for it again.

The State had entered into the most improvident contracts with these guaranteed companies the underlying principle of which was that the companies were to win while the State was to lose. Their shareholders were to be bought off on this principle. * * Practically the Government was at the mercy of these guaranteed companies. They had all to be paid for at the market rate of the day because it was so said in the bond. * * But the crowning part of these improvident bargains has still to be related. Having never accumulated a sinking fund the Government had had to borrow afresh to pay these guaranteed cormorants the purchase money. So these self same companies were reformed or reconstructed.

* * So here the reader will understand how the original companies after having eaten their cake to the full, and more than full, are now devouring a fresh slice. Thanks to the want of foresight and financial statesmanship of the State.

* * That it is a fact that Indian Railway finance, from the very first day that the railways were laid out in India, has been a series of colossal blunders which would have created a howl in any other civilized country on the face of the globe. Every new departure taken in Railway enterprise from 1848 to 1908, has been of a most suicidal

character financially to the true interests of India.

Save the East India line, all other guaranteed Railways have been purchased after 50 years. Surely it stands to reason that in 40, if not 50, years, since the date of their respective construction sinking funds would have enabled the Government to buy them up without borrowing and incurring fresh interest charges. Had that been the case the State to-day would have been the free and unencumbered owner of each of these lines. * * * None of the hard and the fast terms which, even under the scheme of the purchase, the Government has been obliged to, would have been found necessary. But the companies were the masters of the situation and were not slow to drive as stiff a bargain as it was possible to drive.

* * The tax payer lost a crore per annum during the first fifty years and during the next fifty he will only be able to earn a great deal less of his full net profits than might have been otherwise the case.

* * * *

At present it is superflous to state that there is an enormous "drain" by way of interest charges on capital outlay on account of railways to England. It cannot be denied *that this interest comes out of the annual income of the country.* It goes clean out

of the country. *There is no return* because the investors of railway shares and debentures are mostly in England. *It does not* return to fructify in the pockets of the tax payers of the country. They look to the *selfish interests of British capitalists alone.* * * At present *India is the slave of British capitalists.*

APPENDIX II

(Salaries in other Countries)

Canada

(1$ = 3 Rs.)

	dollars	or	Rs.	per month
Prime Minister	12,000	,,	3,000	,,
Other Ministers	7,000	,,	1,750	,,
Deputy Ministers and Heads of Departments	3,000 to 6,000	,, ,,	760 to 1,500	,,
Ministers of Provinces	5,000 to 6,000	,, ,, ,,	1,250 to 1,500	,, ,,

Australia

(1£ = 15 Rs.)

	£	or	Rs.	per month
Prime Minister	2,100	,,	2,625	,,
Other Ministers	1,650	,,	2,062½	,,
Secretaries and Heads of Departments	700 to 1,500	,, ,, ,,	875 to 1,875	,,
Ministers of Provinces	1,370	,,	1,712½	,,

New Zealand

(Area 103,581 Square miles)

	£	or	Rs.	per month
Prime Minister	1,600	,,	2,000	,,
Other Ministers	1,000	,,	1,250	,,
Heads of Departments	700 to 1,000	,,	875 to 1,250	,,

South Africa

	£	or	Rs.	per month
Prime Minister	3,500	,,	4,375	,,
Other Ministers	2,500	,,	3,126	,,
Heads of Departments	900 to 1,500	,, ,,	1,125 to 1,875	,,

Ceylon and Strait Settlements

(The pay of the higher officials range from £650 to £1,500 or Rs. 812½ to Rs. 1,875 per month.)

The United States of America

	dollars	or	Rs.	per month
Secretaries of State	12,000	,,	3,000	,,
Heads of Departments	2,500 to 6,000		625 to 1,500	,,

APPENDIX III

(The following correspondence from the columns of the *Times of India* is published to show the commonsense point of view which should have been taken on the sale of Reverse Councils and which 'Boxwalla' has well emphasised. The letter by 'Honest' is by the writer himself and he need not say he is not concerned with the suggestion made in the latter portion of 'Boxwalla's letter.)

"SELL REVERSE BILLS"

To the Editor of the Times of India

Sir,—Perhaps the most sensible and intelligent point of view that ever was taken during the whole of the controversy on this subject for the last one year, was in the letter of "Boxwalla" that appeared in the issue of your paper of the 18th instant. The position he has taken up is so clear and he has put the problem in such a nutshell, that his remarks are really worth quoting. "Boxwalla" says "Having certain sterling obligations to meet, I am willing to sell them all the rupees I have got, for 1s. 3d. each. Then why should they (the Government as

the custodian of the Indian taxpayer) throw money away by giving me 1s. 3 29-32d and so put nearly a penny in my pocket on every rupee I give." We may present this statement to the still unconvinced, unconvinceable and unrepentant Mr. Hailey and Mr. Montagu. Indeed in these days of short cuts to wealth by means of Reverse Councils, etc., afforded by a very generous Government, it is really wonderful that "Boxwalla" is so squeamish as to refuse a penny on a rupee. His conscience is then so delicate and sensitive that we would like to know what he thought or what he thinks of these transactions in which 8d. to 20d. per rupee were put into some people's pockets. Some lucky people got 7d. over the then market rate or 11d. above the rate fixed by the Committee or, to put it at the present rate, they have profited by 20d. per rupee. The average rate of Reverse Councils was, I think, about 2s. 4d. The lucky purchasers must all be enjoying the gift of 13d. per rupee. I desire to ask whether "Boxwalla" was living in India the whole of last year, whether he took part in the agitation or whether he has woke up only just now like a veritable Rip van Winkle, finding inexplicable things happening in the financial world.

In this connection, let me refer to one argument which Mr. Froom used at Delhi. He said;

" People shriek when Reverse Councils were sold, now they shriek that Reverse Councils should be revived." Is he also still to learn like the Govenment that people " shrieked" because the Councils were sold when they ought not to have been sold at all and they 'shriek' now when they should really sell Reverse Bills. We are living in a topsy-turvy world indeed and not too

HONEST.

March 28-1921.

REVERSE COUNCILS

To the Editor of the Times of India

Sir,—In reply to your correspondent "Honest's" query in his letter published in your issue of 28th instant, I was in England from April to August last year, but to show him that I really woke up long ago I will give him an extract from my letter dated London, 29th May, 1920, to the Deputy Financial Secretary, India Office:

" There does not seem to be much sense in giving " us merchants your sterling at a lower Rupee " price than we are prepared to pay for it. If you " are satisfied that the Currency Committee's " policy in the long run will be right, obviously " the most advantageous course for you to take " is to meet our demand for sterling in full at the " price we are now prepared to pay for it, and

"then, later on, when we want Rupees to sell "them to us at 2s. gold, and pocket the profit."

I have all along been against the Government of India's operations in Exchange, because I foresaw that they were bound to lose on them and that I might have to bear my share in paying the losses: Now that the losses have been made, the view I take is that they ought not to be carried forward as the Government are doing in the Budget just passed, but that they ought to be paid out of India's one unpledged fund, the Gold Standard Reserve, as was suggested by Sir Wm. Meyer, in his evidence before the Currency Committee.

This can be most conveniently done through the medium of Reverse Councils, offered for sale by open tender, the proceeds being paid into the Paper Currency Reserve, with the cancellation of the corresponding amount of "created" Treasury Bills and the consequent reduction of unbacked Notes.

BOXWALLA.

Calcutta, 30th March 1921.

ERRATA AND ADDENDA

Page	*Line*	*For*	*Put*
viii	23	(full stop)	?
x	24	Michal	Michael
„	7	After Besant	a comma (,)
xiv	24	on	out
xvii	5	After meanwhile	a full stop (.)
„	10	plainance	plaisance
xviii	9	Before Dinshaw	Mr.
xix	17	Biritish	British
xxii	17	precided	presided
xxiii	6	minister	Minister
„	20	Councils	Council
xxix	20	sterness	sternness
„	Last line	After of	the
55	13	premptorily	peremptorily
67	19	scroff	scoff
69	Footnote	list	cost
„	„	businees	business
„	„	After M. L.	A.
70	Last line	Before January	Times of India


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